

BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

World Situation: Prospect and Retrospect

Shanghai Opens Its Door Wide



Shanghai



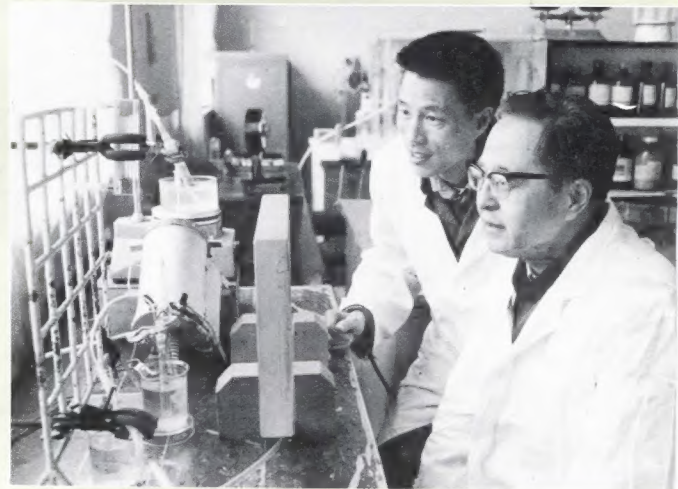
The No.1 Blast Furnace of the Shanghai Baoshan Iron and Steel Complex and its conveyance system were completed recently. Most of the equipment was imported from Japan.



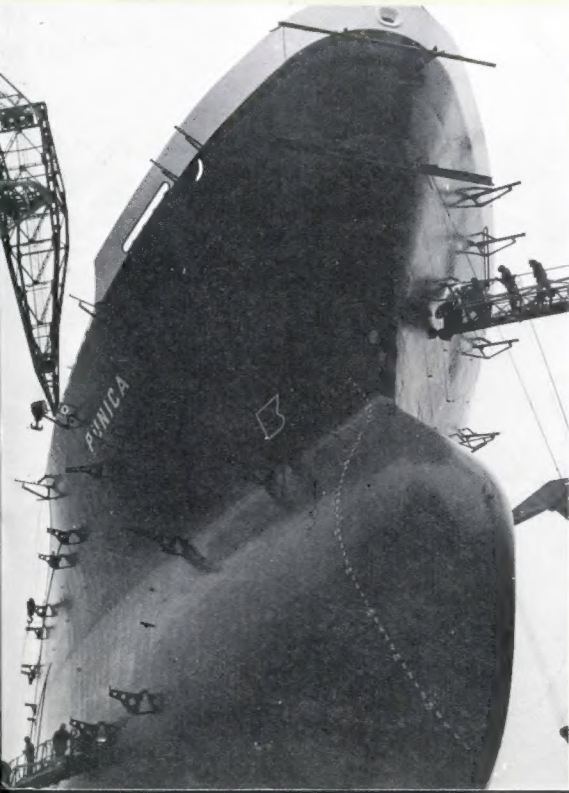
Each storey of the Shanghai Lianyi Edifice took only five days to build by the Shanghai No.2 Building Company.

SPOTLIGHT

The Shanghai Atomic Nuclear Research Institute has had good results in the application of nuclear medicine.



A 27,000-ton cargo ship for Italy is built by the Jiangnan Shipyard.



Yuyuan Park.



BEIJING REVIEW

HIGHLIGHTS OF THE WEEK

Vol. 28, No. 2

January 14, 1985

CONTENTS

NOTES FROM THE EDITORS 4-5

Competition, Collaboration Work
in Tandem

LETTERS 5

EVENTS & TRENDS 6-10

Writers Promised Free Expression
School Teachers Due Pay Raise
Market to Replace the Quota
System
Know-How Goes on Trading Block
'Great Wall' Will Go Up in
Antarctic

INTERNATIONAL 11-14

New Delhi: Gandhi Brings Hope
to India
Bangladesh: April Elections May
Win Support
US-Japan: Nakasone's Trip High-
lights Ties
Comecon: European Members
Regain Impetus
North Korea: Higher Agricultural
Goals for 1985

Where the World Stands — A Foreview

Political Turbulence Continues 15
Economy Shows Signs of Recovery 16
Relations With US, Soviets on Track 17
South-South Ties Grow Stronger 18

Port City Profiles:

Shanghai Opens Its Arms to the
World 19
City Upgrades Services to At-
tract Foreign Investment 25

FROM THE CHINESE PRESS 27-28

BUSINESS & TRADE 29-30

CULTURE & SCIENCE 31

BOOKS 32-33

SPORTS 34

COVER: Shanghai's Nanjing Road
bustles with activity.

Photo by Tao Hongxing

A Look Back, a Look Ahead

Where did the world stand in 1984? And how will the international situation shape up in the new year? Four well-known international experts express their views on these questions as they analyse the world political and economic situation, North-South relations, South-South co-operation, and China's relations with the United States and the Soviet Union (p. 15).

Shanghai Gears Up for Modernization Drive

Pulsating with robust economic growth, Shanghai showcases a wide range of Chinese commodities, everything from tiny buttons to giant oceangoing vessels. The local people, sagacious, perceptive, and for ever friendly, are working hard to modernize their city, which is already vital to the Chinese economy (p. 19).

Literary Freedom on the Agenda

Party leader Hu Qili assured writers and artists at a Beijing writers congress that they will enjoy freedom of expression, which is vital to a thriving socialist culture (p. 6).

School Teachers Due Pay Raise

School teachers, who have long poor pay and a lack of respect, will be receiving a big pay raise this year in addition to improvement in their housing and their political and social position (p. 6).

Know-How Goes on Trading Block

Scientific ideas, inventions and technical know-how — like farm produce at a free market — are being traded as commodities all over China in an effort to boost the country's modernization programme (p. 8).

Published every Monday by
BEIJING REVIEW
24 Baiwanzhuang Road, Beijing
The People's Republic of China

Distributed by **China International Book
Trading Corporation** (GUOJI SHUDIAN),
P.O. Box 399, Beijing, China

Subscription prices (1 year):
Australia..... A.\$14.00 USA US\$18.00
New Zealand... NZ.\$18.00 UK..... £8.00
Canada..... Can. \$15.00

Competition, Collaboration Work in Tandem

by JIN QI
Economic Editor

Competition, a word which was shunned and detested only a few years ago in China, is now accepted and even encouraged by the public.

In the rural areas today more and more prosperous families with an annual income exceeding 10,000 yuan have shattered the once quiet life. In the cities, billboards, neon lights and various sales exhibitions compete for customers. Construction projects are bid for publicly and contracted to those who are best qualified. Workers and staff members are employed only after they have passed examinations and the same holds true even for the managers of state-owned enterprises. The days when everybody ate from the same big pot (a metaphor for absolute egalitarianism) are gone, and the tempo of life has quickened. All this reflects the wide-ranging influence of competition in today's China and the great changes it has brought about.

Some China-watchers abroad regard this change as a shift towards capitalism. They are wrong. Competition is not unique to capitalism. It is a common law governing all commodity economies. Because China's present economy is a kind of commodity economy, allowing competition is only logical.

Competition in China takes place under the socialist system. Its purpose, nature, scope and means are different from competition under capitalism.

As a socialist country, China's commodity economy is based on public ownership of the means of production. Its purpose is to improve the material and cultural well-being of all the people. The identical fundamental interests of the state, the collective and individuals determine that the relationship between socialist enterprises is first of all one of co-

In a socialist country, the aim of competition is to make greater contributions to the country and the people, and to bring more benefits to the enterprise and its workers and staff members.

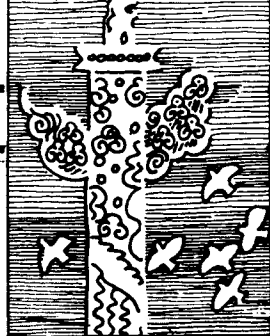
operation and mutual support. Only the differences in management between independent commodity producers and the distribution of material interests based on these differences stimulate competition. The aim of competition is to make greater contributions to the country and the people, and to bring more benefits to the enterprise and its workers and staff members. Technological progress and better management are the tools of competition.

This is obviously different from competition under a capitalist system, where private ownership dominates and cutthroat competition is solely to pursue maximum

profits. Labour power, reputation and conscience have all become commodities under this system. This forces companies into all-consuming competition where they must try to cheat or outwit each other in order to survive.

Competition in China helps develop the good and eliminate the bad. Viewed from macro-economics, this is not a bad thing. In addition, it helps enterprises replace the old with the new in techniques, management and labour. This, of course, will create some difficulties for the enterprises which are eliminated in the competition. But they may switch to manufacturing other products, amalgamate with advanced enterprises or move to other places to join in new competition under different circumstances. Many experts are working hard to help enterprises which have shut down to find a way out.

Competition under the socialist system will not create anarchy. Competition is confined in its scope by the planned economy, and must serve that economy. The on-going reform of the planning system, while retaining the function of a mandatory plan, will stress guidance plans and market regulation and infuse enterprises with greater vigour in running their own businesses. To achieve this, economic levers must be used and the various innate mechanisms of the socialist commodity economy, including the role of competition, must be correctly brought into play. Through competition, through the development of quality products and the elimination of poor products, and through the



supersession of the old by the new, planners can see more clearly the changes in the market and if the distribution of productive forces is appropriate. This will also help authorities to reasonably arrange and readjust social labour (including material and living labour) between different enterprises and will produce better economic results.

Competition, of course, will also have some negative results, such as unauthorized price rises, speculation, profiteering and other undesirable and unlawful acts which damage the interests of society and consumers. To counteract these, the state will step in when necessary and will punish law-breakers.

At present, the basic economic conditions under which enterprises are competing are unequal. The worst problem is the unreasonable price parities between various commodities. With the reform of the pricing system, this problem will gradually be solved and will eventually bring competition between different enterprises up to the same starting point. By then, the results of competition will mainly depend on the efforts of the enterprises themselves.

In addition, enterprises must constantly conduct ideological education about government policies and occupational morals. This, plus the use of economic, administrative and legal means and constant attention to public opinion, will ensure that competition will go on normally, along the road best for the development of the socialist economy.

Appreciate China's News Network

I was delighted to read of China's national network of news (No. 43, 1984, French edition) and deeply touched by the ways the Chinese people receive news, especially the farmers. It is very good indeed that all Chinese peasants can easily have access to information.

China has more than 1,300 types of newspapers and periodicals, of which more than 800 are for peasants (for present figures, please refer to issue No. 1, 1985 — *Ed.*). This fully shows that all Chinese people may freely subscribe to newspapers and magazines. In addition, distribution has improved in the remote mountainous districts. It is good that people can quickly know about major events that have taken place in the world.

Moreover, I see China is building highways in urban and rural areas, but in Africa it has not been done because we are lacking in organization and some Africans always like to depend on foreign countries. The achievements made by China are not through the efforts of Americans, the Dutch, the French or Russians, but the Chinese themselves.

I hope all African countries will learn from China and get organized. So long as we follow the Chinese spirit, we shall be able to end the backwardness of our African countries.

Muampata-Kia-Lokakao
Kimshasa, Zaire

China's Railways

I understand how important Chinese railways are after reading "China's Railways: Its Role in the Modernization Drive" (No. 30,

LETTERS

1984). Just as your article says, the railways in some developed countries don't try to improve the capacity of transportation but give way to high speed and new types of transportation to merely make profits. Due to the higher speed, the railways separated themselves from what they should do and many problems appeared.

China decided to put the stress on developing higher speed trains in order to develop the economy and help the modernization drive. I suggest:

1. Diesel and electric locomotives replace steam locomotives to improve speed.

2. The coastal industrial cities should take shape gradually with the construction of railways and ports.

3. You should improve passenger trains by improving services and air conditioning so as to make conditions more favourable for tourists.

Seki Tsuyoshi
Chiba, Japan

Map Mistake

The border line between Inner Mongolia and Liaoning and Jilin provinces (page 28 of No. 50, 1984, English edition) is incorrectly drawn. The border line was shifted in 1979. Today some areas of the two provinces belong to the Inner Mongolian Autonomous Region. Please check your map.

Xue Mingjun
Shanxi, China

The reader is correct. The mistake was caused by using an outdated map. We regret the mistake. —Ed.

Writers Promised Free Expression

The society should guarantee writers freedom of expression and the Party and government should create the necessary conditions, environment and atmosphere for the exercise of such freedom, said Hu Qili, a member of the Secretariat of the Chinese Communist Party Central Committee, at the opening session of the eight-day Fourth National Writers' Congress (December 29-January 5) in Beijing.

"Literary freedom is a vital part of socialist literature," said Hu. Literary writing requires creativeness, perception, originality as well as a profound understanding of life, said Hu. Therefore, creation must be free from interference. That is to say, writers must be free to choose their subjects, themes and ways of expression and to air their own thoughts and emotions. Only thus can writers turn out works that are moving and instructive, said Hu.

During the congress and its panel discussions, many delegates pointed out that writers had no freedom at all during the "cultural revolution." Though in the past few years things have taken a sharp turn for the better and literary creation is thriving, "leftist" tendencies are still an obstacle to further progress.

Speaking of the Party's leadership in literary work, Hu said that "leftist" tendencies remained a shortcoming and too many derogatory labels were pinned on writers and excessive decrees made about what writers should and should not write.

Some Party administrators in

charge of literature and art were ignorant of the artistic professions, said Hu, and this adversely affected the relationship between the Party and writers.

Liu Binyan, a writer who was forbidden to write for about 20 years after he was branded a rightist in the 1950s and exonerated after the "cultural revolution," said that freedom of literary creation is the lifeblood of a writer. "The leadership now has a better understanding of literature and art, trusts the writers and places this vital freedom in the hands of the writers. This will undoubtedly exert a decisive influence on the development of Chinese literature," Liu said.

Wu Zuguang, a writer who suffered a similar ordeal, said that the Party's pledge to ensure creative freedom shows its maturity, power and self-confidence.

All the speakers at the meeting expressed support for the statement of Zhang Guangnian, vice-chairman of the Writers' Association, that creative freedom is not something absolute and abstract. Socialist literature naturally needs to check the growth of corrupt ideologies, he said. The veteran poet took part in the leftist literary movement of the 1930s. His long poem entitled *The Yellow River Cantata* has in the past dozens of years inspired many Chinese people, both old and young.

Deng Gang, a writer from northeast China, was one of the youngest delegates. He excels in writing about people and nature. He said he feels few restrictions when writing. "The Party's assurance of creative freedom has given us only half of the freedom," he said. If

you want to have the whole of it, he added, "you have to understand our times and life itself and have a love for both."

School Teachers Due Pay Raise

China's school teachers, who have suffered inadequate housing conditions and poor pay for years, are looking forward to some major changes in 1985.

Education Minister He Dongchang announced at the end of last year that the state will appropriate 1 billion yuan in 1985 to raise the wages of the country's 10 million teachers.

The education minister said the wage standards for teachers will be higher than for those with the same education who are working in other professions. The minister also said some of the state funds will be used to provide seniority pay to encourage teachers to stay in the profession.

Housing, as much as pay, has long been a sore point with the nation's urban school teachers. According to a survey of the 2.44 million urban teachers, almost 800,000 have inadequate housing. But faced with the prospect of young people avoiding the profession, changes are beginning to take place.

"This time good news comes to us because we have cried for change for a long time," said Mao Jin, principal of the Beijing No. 56

Middle School, a school with 1,100 students and 150 teachers and staff members. "The move is quite slow, like a train entering the station. It sounds loud, but it moves slow," said Mao.

"In my school, the average teacher's salary is a little more than 70 yuan, about the average wage across the nation. But we don't get the bonuses the factory workers do," said Mao.

"But the most serious problem is the housing problem." Mao said that the No. 56 Middle School has been allocated housing only three times over the past 35 years, and most teachers must obtain housing from their spouses' organizations.

The hardest hit are the families in which both husband and wife are teachers. "We have a 1963 teachers' college graduate, Cui Xingfen by name," said Mao. "She and her husband both teach in the school. They live in an 11-square-metre room together with a middle-school-age son and a primary-school-age daughter. How can they find a place to prepare their teaching? The school can't afford to build houses for them."

Currently, said the school principal, the state allocates only 35 yuan per grade school pupil and 100 yuan per middle school student each year. But for each college student the allocation is about 2,200 yuan.

Teachers have also suffered low political and social status along with their low pay. Disrespect for teachers became widespread during the "cultural revolution" when school teachers, like their college counterparts, were labelled politically undesirable and called the "ninth most stinking group," next to landlords, rich peasants, traitors and other "counter-revolutionaries." They were beaten up, cursed and in most cases unjustly

criticized. Some were forced to the countryside for "re-education."

The poor pay and low status of the teaching profession has discouraged senior middle school graduates from enrolling in teachers' colleges. As a result, some teachers' colleges are having trouble filling their classes. "If things go like this, we won't have enough qualified teachers in 10 years," said Principal Mao

"Inadequate enrolment in teachers' colleges will hurt the quality of future teachers and consequently harm the modernization programme," said Chen Yun, a member of the Standing Committee of the Political Bureau who has called for an improvement in the teachers' situation.

"Effective measures should be taken to improve teachers' housing and social status. Teaching should be the most respected and admired profession in society," said Chen.

There has, indeed, been some improvement in the teachers' situation over the past few years. In 1983 more than 230 million yuan was earmarked to build 1.5 million square metres of housing for teachers. In Shanghai, the most densely populated city in China,

1 million square metres of housing were built in the past two years, enough to raise the average living space per teacher to 5 square metres from 4.08 square metres.

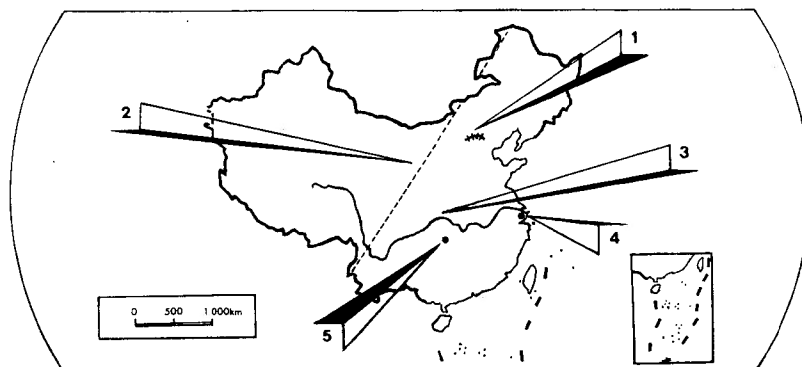
And people have begun to pay more respect to teachers. In Hubei Province's Lichang Prefecture, for example, six school teachers were elected deputies to the provincial people's congress. Another 90 teachers were elected deputies to the county people's congress and 105 teachers were elected members of the county committees of the Chinese People's Political Consultative Conference.

A campaign is now under way in many provinces and cities to encourage students to respect their teachers. In some places good teachers are selected as models in an effort to reward the talented and cultivate respect.

Market to Replace The Quota System

The market is replacing the state quota as the determining factor in Chinese agriculture. The state quotas have set the pace for agriculture for 30 years now, but

PLACES IN THIS ISSUE



1. Fengtai-Shacheng-Datong (p. 8) 2. Mohe Town-Ruili County (p. 27)
3. Three Gorges (p. 8) 4. Shanghai (p. 19) 5. Dayong (p. 28)

News in Brief

Preliminary work has begun on the Sanxia (Three Gorges) Water Conservancy Project on the Changjiang (Yangtze) River. The project, when completed, will be able to generate 64.6 billion kwh every year from its 13-million-kw generating sets. The project will also help with flood control and navigation.

* * *

China's longest electrified railway, running from Fengtai (a rail hub for Beijing) to Datong in Shanxi Province, is now opened to traffic.

A key project during the Sixth Five-Year Plan (1981-85), the 379-km double-track railway, which goes via Shacheng in Hebei Province, will increase the line's annual transport capacity by 10 million tons.

Electrification will speed transport of coal from Shanxi, the leading coal producer in China, and Inner Mongolia, another important coal producer, to industrial areas in eastern and northern China.

* * *

Fu Qinhe, 35, a former glassworks employee in Luoyang, Henan Province, is preparing to set up his own private mini-airline company.

Fu has raised 80,000 yuan (US\$30,000) and has ordered two *Dragonfly*-brand light aircraft.

He plans to fly sightseers over Luoyang, a famous ancient Chinese capital. He will also provide forestation and crop-dusting services.

the state will gradually relinquish its exclusive rights in purchasing and selling agricultural goods.

The historic changes were announced at a conference on rural work held recently by the Central Committee of the Chinese Communist Party in Beijing. The meeting was attended by top agricultural officials and planners from all over the country.

The present compulsory state quota system has been in practice since the 1950s. The state has monopolized the primary agricultural markets, including grain, cotton and rapeseed. Peasants, except those who were very poor and those in less developed areas, had to fulfil their state purchase quotas before they could sell products on the open market.

The system once played a positive role in helping to guarantee food supplies, but it also caused some problems. Some farm products failed to meet the demand of consumers and there was poor quality and sluggish distribution. The problems hindered the shift to a market-oriented economy in rural areas and should be removed, the conference participants said.

Starting this year Chinese farmers will no longer be obliged to sell a portion of their harvests to the state. Instead, they will depend primarily on contracts and the market demand to determine which crops they will grow.

The state will participate in market regulation to protect the interests of both the producer and the consumer, said Premier Zhao Ziyang, who attended the conference. The general principle, he said, is to give more power to the role of market forces while upholding the country's planned economy.

Products to be regulated include grain and cotton, the sensitive products in the past, said an official of the Grain Bureau under the

Ministry of Commerce. Through contracts with the farmers, the government will purchase large amounts of grain and cotton at preferential prices and leave the rest of the crop to be regulated by the market. When the market price goes low, the state will purchase the grain or cotton from the farmers at a protective price, higher than market price. On the other hand, when the market price goes high, the state may sell its reserves in big quantities to bring the price back down. By buying and selling, the government can control the wide fluctuations in the market.

"This will be the second major step in the reform of the rural economic structure since the introduction five years ago of the contract responsibility system with remuneration linked with output," said Zhao at a New Year's party in Beijing. "The reform is what we have hoped for but dared not carry out. Now we are able to go ahead as conditions are ripe."

Increased production and rising incomes in the countryside have made it possible to shift to a large-scale market-oriented economy from the traditional small-farming economy.

Know-How Goes On Trading Block

Ancient China passed along its technology — everything from paper to gunpowder — by way of the Silk Road. Today technology is once again being traded as a commodity all across China in an effort to boost the nation's modernization programme.

Like their ancestors, the brilliant and resourceful in New China are trading their ideas, inventions and technical know-how at special markets all over the nation.

The proposal to commercialize technology — to make know-how

something to be bought and traded — was raised at a recent national conference on technical advancement in Beijing. Conference participants suggested that technology should be sold in free markets much the same way farm goods and other products are sold. Those with the technological goods should be able to negotiate deals with willing buyers, a change that will encourage new ideas and inventions, said the backers.

The idea of having technology markets has received the backing of government leaders.

"Technology has been penniless and so have been the technicians who made good," noted Yang Jun, vice-minister of the State Science and Technology Commission. "A 'head opener' (brain surgeon) has made less money than a 'head polisher' (barber). The value of technology should be reflected in the process of marketing and competition."

State Councillor Fang Yi agrees. He said scientists and technicians should work as consultants and provide the know-how to boost the nation's economy. Not only will this help improve the economy by applying new technology to production, it will also result in better rewards for the scientists and their research centres.

The new technology markets, like peasant free markets, include a wide range of products and services: technology transfer, bidding for solutions to technical problems, personnel exchanges, and the supply and servicing of computers and other high-tech hardware.

The agricultural technology fair recently sponsored by the Tianjin Technology Development Centre offered peasants technological services in textiles, chemicals, food processing, machine building and farm tool maintenance. "The technology market shows us the road to prosperity," a peasant said at the market.



Foreign Languages Craze

"Feel at Ease" is the motto of the English class pictured here. The young Chinese people gather to converse in English at a Beijing foreign languages centre. Since China opened its doors to the world, foreign languages have become more and more indispensable in China. A foreign languages craze has swept the country, as 50 million people are now studying English and many others are studying other languages. To fuel the craze, the Central TV Station has produced such programmes as "Follow Me" and "English on Sunday." There are also French and Japanese television learning programmes. A German programme is planned.

The first one-week technology market held last month in Shanghai attracted on the first day more than 2,000 people from Jiangsu, Zhejiang, Anhui, Hunan, Fujian, Shandong and Jiangxi provinces. Many technical co-operation contracts were signed and all kinds of technical information were exchanged at the market.

"Such a market is a good form of technological exchange," said Deputy Mayor Liu Zhenyuan at the opening ceremony. "For the first time it pools together the information gathered by universities, colleges, research centres and industrial departments and will help turn information into something valuable. This is a good beginning."

The city of Wuhan in central China got the jump on most cities. Since August of 1981 Wuhan has held 18 such fairs. More than

1,700 contracts have been signed with transactions totalling 49.5 million yuan.

In the past, under the egalitarian practice, technology was considered the common heritage of society and was supposedly shared freely instead of being traded as a commodity.

In reality, without incentives, the old practice hindered scientific progress and the spread of technology. The country has 6.85 million scientists and engineers and invested 106.5 billion yuan in technological projects between 1979 and 1983, yet the number of major scientific and technical achievements during those years was disappointing. As a result, most of the country's enterprises are still using backward technology and outdated equipment. Shanghai is considered to be the country's most technologically advanced industrial centre, yet 80 percent

Around the Globe

Friendship Society to Boost Personal Contacts

The China International Friendship Liaison Society, a non-governmental organization, has been formed on the initiative of noted Chinese public figures and social activists. This broadens the range of person-to-person contacts with foreign countries which up till now have been handled mainly by the Chinese People's Association for Friendship With Foreign Countries, the Association for International Understanding of China, and the Chinese People's Institute of Foreign Affairs.

China Strengthens Police Co-operation

The China National Central Bureau under the Criminal Investigation Bureau of the Ministry of Public Security, which joined the International Criminal Police Organization (ICPO) last September, has already helped crack some cases investigated by the organization, including swindles and drug trafficking. China joined ICPO to help fight international criminal activities and to develop contacts with police organizations in other countries.

China to Protect Industrial Property

China has officially joined the Paris Convention for the Protection of Industrial Property. The membership becomes effective March 19, 1985. The convention, controlled by the United Nations World Intellectual Property Organization, strives to protect inventions, trademarks, designs and company names.

of the equipment in the textile industry and other industrial enterprises is nearly 40 years old and the rest is 15 to 25 years old.

'Great Wall' Will Go Up in Antarctic

About seven hours after China's five-star red flag was planted for the first time on the icy mass of Antarctic land December 31, Chinese explorers announced their decision to build a scientific observation station named the "Great Wall" on the eastern bank of Fields Peninsula on King George Island.

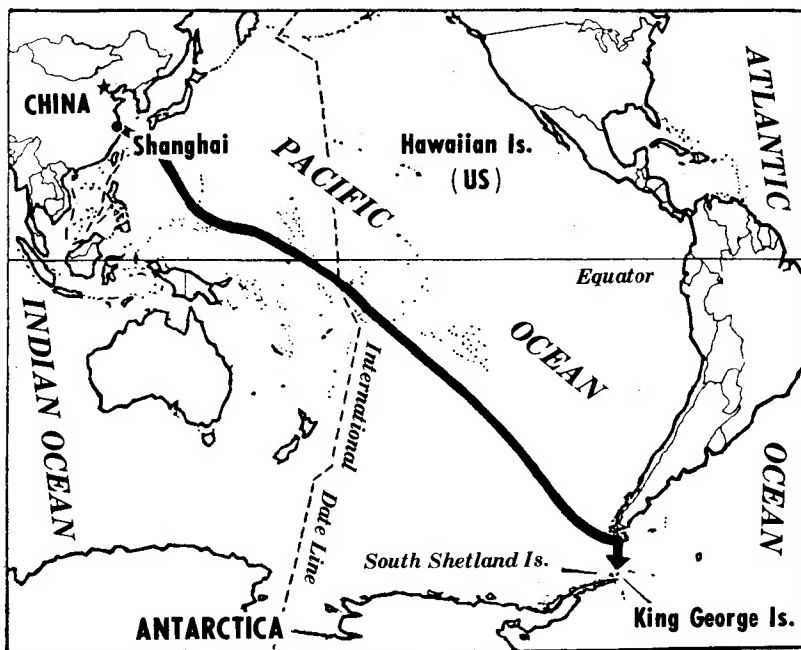
The decision was made on the basis of four days of studies and surveys on King George Island. *Xiangyanghong 10*, China's first scientific expedition ship, reached the island December 26 after crossing the Drake Strait. The strait is the widest in the world and notorious for cyclones. But the Chinese voyagers were lucky enough to have a fine day when they entered the strait December 25. No cyclone hit the area until minutes after they had crossed it

and were approaching King George Island.

King George Island is the largest of the South Shetland Islands. Argentina, Chile, the Soviet Union, Poland, Brazil and the German Democratic Republic have set up scientific observation stations there. The Chinese explorers landed on the island December 27. Over the next four days, the Chinese team surveyed coastlines, geological conditions, fresh water resources, accessibility, animals and vegetation, and the potential value of scientific research at nine different sites. After careful comparison, the team leadership picked the eastern bank of Fields Peninsula as the site of the scientific station.

The *Xiangyanghong 10*, along with its rescue ship *J121*, set sail from Shanghai November 20. During the 36-day voyage, scientists conducted a comprehensive survey of the Pacific Ocean and collected data on ocean depth, magnetic force and gravity.

Chinese doctors also successfully performed three appendectomies on board the vessels along the way. All three patients have fully recovered and are working.



New Delhi

Gandhi Brings Hope to India

With a landslide election victory, the vigorous young prime minister is arousing new hope.

by **YI MING**

"Beijing Review" News Analyst

SOON after Prime Minister Rajiv Gandhi's Congress (I) Party won an absolute majority in the eighth Lok Sabha (lower house of parliament) late last month, he immediately reshuffled his cabinet and organized a new government to lead the country into 1985. As his position in the government and parliament has been strengthened by the landslide victory, the young prime minister is arousing new hope for India.

The election triumph is unprecedented in Indian history. The Congress Party won more seats in the parliament and received more ballots than ever before. Gandhi's grandfather Jawaharlal Nehru and his mother, Indira Gandhi, never scored such an election win.

The reasons for the victory are many. Obviously, the timing of the election was favourable. At the moment the party was comparatively united, while the opposition parties were in disarray. And the Indian economy, guided by Congress (I) since 1980, has generally been comparatively satisfactory. In addition, the assassination of Indira Gandhi aroused sympathy for her son, which translated into votes.

Gandhi himself helped his cause. He came to power at a time when disturbances broke out all around the country. However, he kept calm and steady. In a decisive way he took a series of measures which restored calm to the country in a

rather short span of time. By doing this he displayed a leader's demeanour and ability, which allowed him to restore faith in the government.

Gandhi's determination to stamp out corruption, inefficiency and laziness in the Indian bureaucracy also appealed to the ordinary voter. On economic affairs, he has emphasized practical results. He has moved to simplify the procedures for obtaining industrial permits, a move which was welcomed and supported by the business community.

Political observers expected Congress (I) to win the election. But the size of the victory exceeded all expectations. Some people attribute the landslide to a big youth vote, similar to the one which sent John Kennedy to the White House in 1960. Generally speaking, as a result of the social turmoil in recent years, especially the Golden Temple incident in Amritsar and the disturbances following the death of Indira Gandhi, the people desired tranquility. Many feel that Gandhi is the only man who can stabilize the situation. People hold hope for Gandhi, the youngest prime minister in India's history. The election returns reflect this fact and give him a resounding personal mandate.

In his quickly formed cabinet, Gandhi dropped six cabinet ministers and 10 ministers of state from the old Council of Ministers. Indian newspapers see the new cabinet as a prudent blend of the old and the new, a mixture of experience and

new ideas. It seems that Gandhi is following a policy of bringing change while trying not to disrupt the old guard.

The most pressing tasks facing the new government concern the strife-torn Punjab and Assam states, which did not participate in the election for fear of renewed sectarian clashes.

After his victory, Gandhi said once again that the Punjab issue is one of his immediate problems. The Sikh-majority state of Punjab has been the scene of a series of troubles. The Sikhs are demanding more autonomy and some secessionists have raised the prospect of forming Khalistan, a separate Sikh state.

A special commission with broad powers to deal with the Punjab question has been appointed, and it includes three senior ministers.

Gandhi has said that the integrity and unity of the country must be maintained. However, the true task confronting the government is to eliminate poverty and improve conditions for the poor. This is a formidable task. Today some 40 percent of the Indian population lives under the government-stipulated poverty line. Moreover, though grain output has increased, reaching the level of self-sufficiency, many cannot afford to buy grain at the market. Therefore, experts say that today "individual famine" or "regional malnutrition" has replaced the massive famines of the past. It is not easy to abolish India's poverty. This is made all the more difficult by the country's rapid population growth — also a serious headache for the government.

These issues are confronting other developing countries as well. People hope Gandhi succeeds in meeting such enormous challenges.

April Elections May Win Support

Parliamentary polls scheduled for April may attract the participation of opposition parties that have previously boycotted elections called by the military government.

by **CHEN ANNING** and
WU DINGBAO

THOUGH the two main opposition alliances have called nationwide strikes to protest Bangladesh President Hossain Mohammad Ershad's plans for parliamentary elections this April, the president's promises to keep the elections free and honest have apparently convinced some political parties to take part in the polling.

The government has repeatedly announced election schedules to make the transition from military rule to democracy, but the election plans have been postponed following boycotts by opposition parties.

The present martial law government, which took power March 24, 1982, announced last February that presidential and parliamentary elections would be held last May 27 to establish a democratic government. But the proposed elections were opposed by the two major opposition alliances, which include 22 political parties.

The opposition alliances organized general strikes and demonstrations to boycott the election on the ground that elections under the present government would only result in legitimizing military rule in the country. They issued a five-point demand, asking that martial law be lifted and parliamentary polls be held before the presidential election.

After conferring with the opposition, the government announced July 12 that just the parliamentary elections would be held

on December 8 to comply with the opposition demand. But the two opposition alliances added extra requests to their basket of demands, declaring that they would go to the polls only when a neutral government is formed to conduct the election.

The opposition's demand for such a neutral government was directed against the Janadal (People's) Party, founded in November 1983, which backs Ershad's policies. About a dozen leaders of the party are in Ershad's 24-member cabinet.

In an attempt to break the political stalemate, the government and the opposition had several rounds of private talks, but all were in vain. To press home their demand, the two opposition alliances and the Jamaate-Islami Party called a 24-hour nationwide strike on December 8 and on December 9 launched a movement to stop paying taxes to the government.

Nevertheless, Ershad on December 15 announced that parliamentary elections will be held next April and that steps will be taken to ensure a free and fair election. The steps include:

- Abolition of posts and offices of local martial law administrators, phase by phase;
- Partial restoration of the jurisdiction of the supreme court;
- Resignation of political ministers from the cabinet and non-participation in elections by incumbent ministers;
- Termination of martial law after the elected parliament is summoned; and
- Complete restoration of the suspended 1982 Constitution.

Ershad urged the opposition parties to consider his proposal and take part in the April election. But the opposition parties insisted on observing a 48-hour nationwide strike on December 22 and 23, the sixth and longest such strike of the year.

Considering the people's sentiments, however, some member parties of the two alliances have indicated that the president's election proposal is "acceptable." The statements of such parties show signs of optimism regarding their participation in the April elections.

US-Japan

Nakasone's Trip Highlights Ties

The Japanese prime minister's US trip received both praises and criticisms at home.

by **REN XINZONG**

JAPANESE Prime Minister Yasuhiro Nakasone embarked upon his first significant visit to the United States January 1, just a few weeks after winning re-election last November. The visit

demonstrated how highly the Japanese government values its relations with the United States.

During their January 2 talks, US President Ronald Reagan and Nakasone both indicated that they will continue their co-operative efforts for world peace and pros-

perity on the basis of the three principles of "dependence, responsibility and friendship." While supporting the US position in nuclear disarmament talks with the Soviet Union, Japan called on the Western countries to co-operate closely during the talks. Nakasone said he fully understands the US "Star Wars" plan, but quickly added that Reagan assured him that the United States will not use the "Star Wars" anti-missile research programme as a bargaining chip in talks with the Soviets. After the talks, Nakasone told reporters that he had asked Reagan to try his best to meet with Soviet President Konstantin Chernenko as soon as possible.

What is noticeable about the summit is that Japan tried to stress its support for US disarmament policy while the US tried to put the emphasis of the talks on settling the US-Japanese trade friction. It is reported that the United States, while showing appreciation for the efforts Japan has made to open its domestic market, warned that if the trade issue between the two countries cannot be properly settled, US-Japanese relations will be seriously damaged. The United States has asked Japan to make special and urgent efforts in major fields, especially in communications, electronics, medicine and timber.

Economic and trade friction is the stickiest problem in US-Japanese bilateral relations. Battles over textiles, steel, automobiles and electronics have been on and off since the 1960s. In 1982 the United States suffered a trade deficit of US\$7 billion with Japan. In 1983 the deficit ran to US\$19 billion. And in 1984 it is estimated at US\$35 billion, with 1985 likely to see a US\$40 billion trade deficit. The fact that the US trade deficit with Japan accounts for more than one-fourth of the total trade deficit has caused concern in the US government and among entrepreneurs.

Although the Japanese prime minister's US tour will be helpful in co-ordinating policies between the two countries and it may help ease the trade friction, the trip received mixed reviews in Japan.

The ruling Liberal-Democratic Party called the trip "rather effective" and said it "defined the orientation of the second Nakasone administration and co-operation between the two countries in world strategy." Some Japanese financial sources said efforts to promote dialogue between the United States and the Soviet Union, to control inflation in the Western economy, to beef up US-Japanese security and to remove protectionism from trade were efforts "in favour of peace and security."

But major opposition parties criticized the US-Japanese summit for encouraging the arms race between the United States and the Soviet Union. They believed that it was improper for Nakasone to express his "understanding" of Reagan's resolve to continue work-

ing on "Star Wars." The "Star Wars" programme, the critics said, will turn outer space into a nuclear arena, which will destroy the earth in the end.

The Japanese press noted that unlike previous US visits made by Japanese prime ministers, who usually "asked for instructions" from the United States, Nakasone this time talked about "issues of peace and disarmament" with the United States as an equal "member of the Western world." The change spotlights Japan's position as a "major political power" and betters the image of the Nakasone administration. At the same time, Japan also shoulders the heavy burden of "responsibility" under the three principles of "dependence, responsibility and friendship," the press said. That means Japan has to further enhance its own defence and to assist the United States in providing strategic aid to "specific regions," and to take relevant responsibility in "safeguarding the world economic order."

Comecon

European Members Regain Impetus

After several years of economic stagnation, the economies of the European members of Comecon are showing signs of growth.

by YANG FUTIAN

THE European members of the Council for Mutual Economic Assistance (Comecon), after suffering a lingering economic slump, are showing signs of a healthier economic climate these days.

Comecon's seven European members — Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the Soviet Union and the German Democratic Republic — all suffered economic problems beginning in the mid-1970s. The Soviet economic growth rate, for example, dropped to a post-World War

II record low of 2.6 percent in 1982. And Hungary's economic growth rate was only 1 percent during the same year.

The reasons for the slowdown varied from country to country, but it was generally related to the lack of diversity in the economies. Already working at their potential, the economies did not produce more even with an influx of labour or investment. The slowdown also resulted from a short supply in raw materials and energy, miscalculations in economic decision-making and uneven development in some countries.

Moreover, a worldwide economic crisis and an aggravated international credit situation helped bring about huge trade deficits and foreign debts.

In recent years, however, Comecon's European members have made a number of economic adjustments to cope with the changed situation both at home and abroad. They have increased their production capabilities, strengthened the weak links in their national economies, reduced imports and increased exports, and taken steps to improve their economic mechanism and shift their economies from extensive to intensive development.

At the same time measures have been adopted to co-ordinate inter-member co-operation, and their foreign trade situation has improved as a result of the economic recovery in the West.

The Soviet economy started its recovery in 1983. Its national income in 1984 was expected to increase by 3.1 percent, the same growth rate as the previous year. The growth rate of its industrial output value was expected to jump from the postwar record low of 2.8 percent in 1982 to 4.4 percent in 1984.

The industrial output value growth rate in Romania rose from 1.1 percent in 1982 to 4.7 percent in 1983, and in the first three quarters of 1984 a 6.3 percent growth rate was recorded over the same period of 1983.

Czechoslovakia registered a 2.2 percent increase in national income and a 2.7 percent increase in its total industrial output value in 1983, and an even better industrial growth of 3.9 percent in the first three quarters of 1984 over the same time in 1983.

In Poland, the economic and social turmoils of 1980 and 1981 were eased in the second half of 1982 and production began to

grow in 1983. Poland's total industrial output value that year increased by 4.3 percent, while its national income grew by 4 percent over 1982, the first upturn since 1980. The 1984 figures are expected to show even greater growth.

In 1984, Hungary showed an economic growth rate of 2 to 2.5 percent in national income and 2.5 to 3 percent in total industrial output value. And Bulgaria had a 5.2 percent increase in its total industrial output value during the first nine months of the year.

Unlike its partners, the German Democratic Republic has enjoyed steady economic development since the 1970s. Its national income growth rate exceeded 5 percent in 1984 while the growth rate

of its net industrial output value is estimated at 8 percent.

Comecon's European members have fared well in agricultural production over the past few years. Poland has had three successive good grain harvests. In 1984 Hungary, Czechoslovakia, Romania and the German Democratic Republic all harvested record grain crops, with the Czechs becoming self-sufficient in grain for the first time in history. The Soviet Union, while suffering its sixth successive poor grain harvest last year, still had a total agricultural output value of 134 billion rubles, slightly better than the record 1983 figure.

It is generally believed that these countries' economic recoveries will continue, though they still face difficulties and problems.

North Korea

Higher Agricultural Goals for 1985

The Korean people achieved a bumper harvest in 1984 and have set higher agricultural goals for this year.

by LI TU

THE task for North Korean agriculture in 1985 is to achieve an even bigger harvest so as to lay a solid foundation for attaining the 15-million-ton grain target, one of the 10 objectives of socialist economic construction set for the 1980s.

Vice-Premier and Chairman of the Agrarian Commission Kim Chang Ju made these remarks in Pyongyang on January 3 at a national agricultural congress attended by 15,000 people from co-operative farms and state-run agricultural enterprises.

Kim Il Sung, general secretary of the Korean Workers' Party and president of the Democratic Peo-

ple's Republic of Korea, also took part in the meeting.

For the first time in history Korean farmers had broken the 10-million-ton grain target in 1984, thus providing enough food for the people and enabling the country to have a grain surplus.

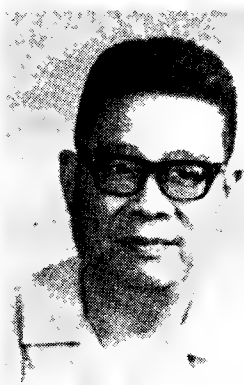
While increasing grain production, Korean agricultural sectors should further increase the production of vegetables, cash crops, fruits and animal husbandry this year.

According to Kim Chang Ju, the agricultural sectors should strengthen and improve the management of co-operative farms and implement the socialist principle of distribution according to work so as to raise peasants' enthusiasm for production.

Where the World Stands—A Foreview

As 1984 ends and 1985 begins, some Chinese international experts review the world situation and look towards the future. — Ed.

Political Turbulence Continues



by **HUAN XIANG**

WHILE world turbulence continued in 1984, two new factors stood out as challenges facing the world: a keener arms race between the two superpowers and economic losses to the developing countries caused by the protectionist measures of the developed nations.

In the arms race, the two superpowers broke off their disarmament talks and blocked their dialogue channel during 1984. The arms race has expanded into outer space and regional military rivalry has stretched into the Asian-Pacific region. In military theory, the concept that a nuclear war can not only be launched, but also that it can be won has replaced the concept of mutually assured destruction.

Huan Xiang is general secretary of the Centre for International Studies under the State Council.

The world's wars, which were the results of direct interference or indirect support by the superpowers, have no end in sight; instead these local wars have become more complicated.

On the international economic scene, trade protectionism by the developed countries is becoming more universal and stronger. The superpowers have attempted to rebuild their economic hegemony in the developing countries and even in some developed countries by strictly limiting or banning new technical transfers. The high interest rate policy of the United States has severely injured the third world and some other developed countries. The developing countries are becoming poorer due to ties of the old international economic order, and many third world countries, especially Latin American countries, are gripped by huge debt problems. Their foreign debt (the principal plus interest) totals US\$900 billion. Meanwhile, some African countries are suffering drought and starvation.

These new factors have certainly caused concern among the people and countries all over the world. Therefore, some important trends appeared in the past year. The member states of the two military blocs demanded changes in the current stubborn confrontation between the superpowers. The two leaders of the blocs cannot con-

tinue to effectively control their allies, and the bloc mentality is being weakened. The people's movement against the arms race has combined with the environmental movement to become a fast growing force in the European and US political arenas. Some developed and developing countries have opposed letting the arms race spread into outer space, as they fear it would have unpredictable economic consequences and put the world back into military bipolarity.

These changes forced the two superpowers to take flexible attitudes towards the end of 1984. The United States and the Soviet Union agreed to work for the resumption of their disarmament talks. But as they have not changed their policies, it is not easy to resume such talks, and it is more difficult for the two sides to reach an agreement.

It seems that the year 1985 is a period in which the two superpowers will continue their arms race, but they have to begin their dialogue under pressure both from the people of the world and their allies.

In the international economy, the debt problem, although temporarily eased, has been left totally unsolved.

According to my analysis, the international situation in 1985 will continue to be turbulent. People of various countries will go on fighting against the arms race, demanding the resumption of talks on disarmament, opposing confrontation between the blocs of na-

tions, demanding the disbandment of military blocs, promoting South-South co-operation and North-

South dialogue and opposing any actions that may damage the developing countries.

Economy Shows Signs of Recovery



by QIAN JUNRUI

AFTER suffering the 1979-82 economic crisis, the most severe economic crisis since World War II, the economy of the United States took the lead in the recovery in 1983. In 1984 Japan, the West European nations and other developed countries climbed from the valley and returned to economic heights. It is predicted that the growth rate of the gross national product (GNP) in the Western developed countries as a whole reached 4.75 percent in 1984, though unemployment rate remained high.

In the past year the Soviet Union and other East European countries also achieved some progress in their economic reforms. Many countries, especially Hungary and Poland, have improved their economic situations during the period by sparing no effort to overcome the severe difficulties

Qian Junrui is an adviser to the Chinese Academy of Social Sciences and president of the Chinese Society of World Economics.

caused by factors both at home and abroad.

The economic situation in most developing countries improved during 1984, as economies grew at an average rate of 3 to 4 percent, with some Asian processing-exporting countries topping 6 percent. Yet, many third world countries, particularly the countries south of the Sahara in Africa, in South Asia and Latin America, were suffering from huge debts, trade protectionism or starvation.

In China, under the correct policies made by the Third Plenary Session of the 11th Central Committee and the 12th National Congress of the Communist Party of China, the major product targets set by the Sixth Five-Year Plan have been attained two years ahead of time, and the total output value of industry and agriculture far exceeded the expected growth rate of 7.2 percent a year.

How will the world economic situation shape up in 1985?

The characteristics in the current world economic situation are mutual dependence and mutual contradiction between East-West countries and North-South countries.

Under such a complicated situation, the Western (the North) developed capitalist countries still hold control over the world economy through the influence of their state and private financial groups, especially transnational corporations.

It is predicted that the economic recovery will continue in the West-

ern countries in 1985, but the speed of recovery in the United States will slow down and the US economy, due to the influence of the periodic economic turndowns that are inescapable under capitalism, may again slip into recession or stagflation during 1986. Damaged by the US economic situation, the economic recovery in other Western countries might be obstructed. The economies of most developing countries will continue to turn better in 1985.

The Soviet Union and other East European countries are expected to carry out economic reforms more conscientiously in 1985 and achieve more rapid economic growth. By 1986, however, the East European and third world countries may be adversely affected by the recession that is likely to develop in the Western countries.

Among the Western developed countries, the United States, Japan and the West European nations, in spite of the influence of the law of unbalanced development of capitalist countries' politics and economics, have gradually become the three main forces in the world economy. But control over the world economy is still held by the United States. "Reaganomics," which borrows strong points from all capitalist economics, has won some achievements, but it fails to solve the basic capitalist contradictions and fails to eliminate the influence of the law of capitalist periodic crisis.

It must be pointed out that the rivalry for world domination between the two superpowers not only intensifies the world political situation and often threatens world peace, it is also a basic reason why the world economy cannot recover or be rejuvenated for a long time.

Faced with such a situation, people all over the world will unite to oppose the escalating arms race or nuclear arms race between the

two superpowers. The developing countries will strengthen South-South co-operation and promote North-South dialogue and global talks. They will seek to reform the current unjust and unreason-

able international economic order, establishing in its place a new, just and reasonable international economic order that will benefit constant recovery and rejuvenation of the world economy.

Relations With US, Soviets on Track



by **WU XIUQUAN**

CHINA'S relations with the United States and the Soviet Union are closely monitored by the whole world and strongly affect the international situation.

Generally speaking, Sino-US relations developed positively over the last year. Government and private contacts increased as economic co-operation and cultural exchanges expanded. And the exchange visits by Premier Zhao Ziyang and President Ronald Reagan enhanced mutual understanding and improved ties between the two countries.

Unfortunately, there was little progress towards settling the Taiwan issue — the major obstruction to the development of Sino-US relations. Though Reagan, during his April visit to China, said the United States recognizes the prin-

ciple of one China, there are still some people in the United States who continue to treat Taiwan as a "political entity." They are manufacturing explicitly and implicitly "two Chinas," or "one China and one Taiwan," in an attempt to meddle in China's internal affairs. The "Taiwan Relations Act" hangs over Sino-US relations as shadowy as ever. Continued US government arms sales to Taiwan have caused grave concern in China.

China is the world's largest developing country, while the United States is the largest developed country. The potential for expanded relations between these two countries is great. That China and the United States should develop friendly ties on the basis of the Five Principles of Peaceful Coexistence is not only in the interests of the two peoples, but also helpful to world peace and stability. The Chinese people hope the Reagan administration will pay close attention to Sino-US relations in the new term. They hope the US government will keep its word, not trample on their national pride again, but, instead, will make efforts to remove the Taiwan obstacle so that Sino-US relations may develop in a stable, healthy manner.

Over the past year, Sino-Soviet relations have also made some improvement. Trade and cultural exchanges increased. The fifth round of consultations between vice-foreign ministers and talks between the foreign ministers dur-

ing the United Nations General Assembly session furthered mutual understanding between China and the Soviet Union. And last month's visit to China by Ivan Arkhipov, the Soviet first vice-chairman of the Council of Ministers, proved especially conducive to improving Sino-Soviet relations. Yet there remain blocks in the way of closer ties. With major problems left unsettled, Sino-Soviet relations can hardly be normalized in any true sense of the word. The Soviets are unwilling to face reality and discuss the three major stumbling blocks (Soviet support for Viet Nam's invasion of Kampuchea, the invasion of Afghanistan and Soviet border buildups). We feel very sorry about that.

China and the Soviet Union are two big neighbouring countries. Friendly coexistence between the two countries is not only beneficial to the Chinese and Soviet peoples, it is also the key to Asian stability and world peace. Soviet leaders have shown once again their willingness to improve relations with China. For China's part, we hope the Soviet side will take practical actions during the new year to remove the stumbling blocks, thus enabling China and the Soviet Union to normalize their relations steadily on the basis of the Five Principles of Peaceful Coexistence.

It is known to all that China adheres to an independent foreign policy, opposes hegemonism and seeks to maintain world peace. Under this general guideline, China sincerely wishes to improve its relations with both the United States and the Soviet Union. Although there will be twists and turns along the way, China still embraces a bright and positive view for the future of Sino-US and Sino-Soviet relations. It seems clear that peaceful coexistence is the calling of our time.

Wu Xiuquan is president of the Beijing International Strategic Studies Society.

South-South Ties Grow Stronger



by CHEN ZHONGJING

ON North-South relations and South-South co-operation, both of which have an impact on world peace and the world economy, I want to make the following observations.

1) In 1984 South-South co-operation developed, while North-South relations became more tense, though some successes were scored.

During the past year, the developing countries strengthened their unity and economic co-operation. The debtor countries in Latin America withstood pressure and demoralization from the West. They held three meetings on their debt problems and co-ordinated their policies. The creditor countries in the West had to soften their stand on the debt issue.

The Organization of Petroleum Exporting Countries (OPEC) faced another oil price fall last October when Norway and Britain took the lead to slash their oil prices. The OPEC members quickly reached an agreement to reduce their oil output and stabilize the oil price.

Chen Zhongjing is head of the Institute of Modern International Relations and a professor at Beijing University.

These two events show that the developing countries, by taking a common stand on issues that affect their interests, have improved their negotiating position with the developed countries.

Regional South-South co-operation also achieved success during the past year. The seven South Asian countries set up a commission for trade and industrial co-operation. The Association of Southeast Asian Nations (ASEAN) made a breakthrough in industrial co-operation planning. A treaty on preferential trade partners was put into practice in eastern and southern Africa. Pakistan, Iran and Turkey agreed to revive a regional co-operation agreement which had broken down many years ago. And the Gulf Co-operation Council (GCC), which has displayed its vitality in the three and a half years since its founding, hosted its fifth summit meeting last November.

China has always encouraged South-South co-operation and promotes the strengthening of unity and co-operation among third world countries as part of its foreign policy. China reached more agreements with third world countries on economic co-operation last year.

Worldwide South-South co-operation, however, is still in the making, and many obstacles will be met in the future. A proposal to set up a "South bank" was shelved for the time being by the Group of 77 last September after disagreements arose.

2) The North and South had tense conflicts last year over trade, assistance, investment, resources and technological transfer. Global negotiation is still out of sight, and the United States has stuck to its rigid attitudes. However, some

achievements in regional North-South relations were made due to some wise measures adopted by some advanced countries, principally the West European nations. A case in point is the third Lome convention reached between the European Community and 64 countries from Africa, the Caribbean and the Pacific. The population of the 64 member states makes up 11 percent of the total of the third world. The stability and development of these 64 states is helpful to relaxing the rigid world economic and political situation.

3) As for the future, I think two international questions are most important: one is peace and the other is North-South relations. They are related and bear global and strategic significance. If the South stays backward, where will the North find its market? At the same time, if South-South co-operation is done well and the developing nations grow together, North-South co-operation can be promoted. Foresighted political leaders and wise people are aware of this. They also bear in mind the Five Principles of Peaceful Coexistence, especially "equality and mutual benefit."

On their part, third world countries could well pay great attention to South-South co-operation and do something to promote bilateral and multilateral economic co-operation. Unity and exchange of experience should be reinforced. China will continue the policy of opening to the world, not only opening to the West and socialist countries, but to the third world as well. Other third world countries have much economic experience which could be useful to China. We would like to see South-South co-operation develop continuously, and hope it will in turn promote the settlement of the North-South question.



Port City Profiles

Shanghai Opens Its Arms to the World

Shanghai, vital to the Chinese economy, is as important to China as New York is to the United States. And for prospective overseas investors, it is truly the Big Apple among the nation's 14 open port cities.

by **WEI LIMING**
Our Correspondent

PULSATING with robust economic growth, Shanghai is studded with stores showcasing a wide range of commodities.

Along Nanjing and Huaihai roads, which are more bustling than New York's Fifth Avenue, tall buildings loom above shops selling both local products and goods shipped in from all over the country. All day long these stores are thronged by customers on buying sprees from other parts of China, usually with shopping lists in hand.

Elsewhere in China, Shanghai-made commodities can be found in almost every home, and in the streets it is not uncommon to see people sporting something made in Shanghai—a pair of sunglasses, a woollen garment, a radio, you name it. To many Chinese, Shanghai means quality.

And the city is synonymous with quantity, too. With its well-developed industrial foundation, Shanghai supplies 40 percent of the consumer goods in China. Last year 11.9 billion yuan worth of commodities were shipped to other parts of the nation.

Shanghai products range from wristwatches and bicycles to 10,000-ton oceangoing vessels. More than 600 commodities have

been cited as quality products and 76 of them have won national gold and silver medals for superb quality. For many years, Shanghai has led the nation in the value of total industrial output.

A Metropolis Special To China

The metropolis exudes a palpable openness to the outside world. The local people befriend foreigners with an ease and confidence usually absent in other parts of the country. It is commonplace to see people chatting amicably with overseas visitors in the streets, in most cases soliciting opinions about their city and their country. On Nanjing Road, a young woman wearing a red sweater was checking her English pronunciation with an American tourist. And the young man standing by, apparently her boyfriend, assured the visitor, "You can surely treat us as your friends."

Western suits are growing more popular there. Department store sales clerks and restaurant waiters are impeccably attired in suits and ties. Young women prefer brightly coloured snug-fitting woollen sweaters matched with well-pressed slacks, and some of them outshine the most fashionable overseas tourists. "Shanghai sets the fashion trends

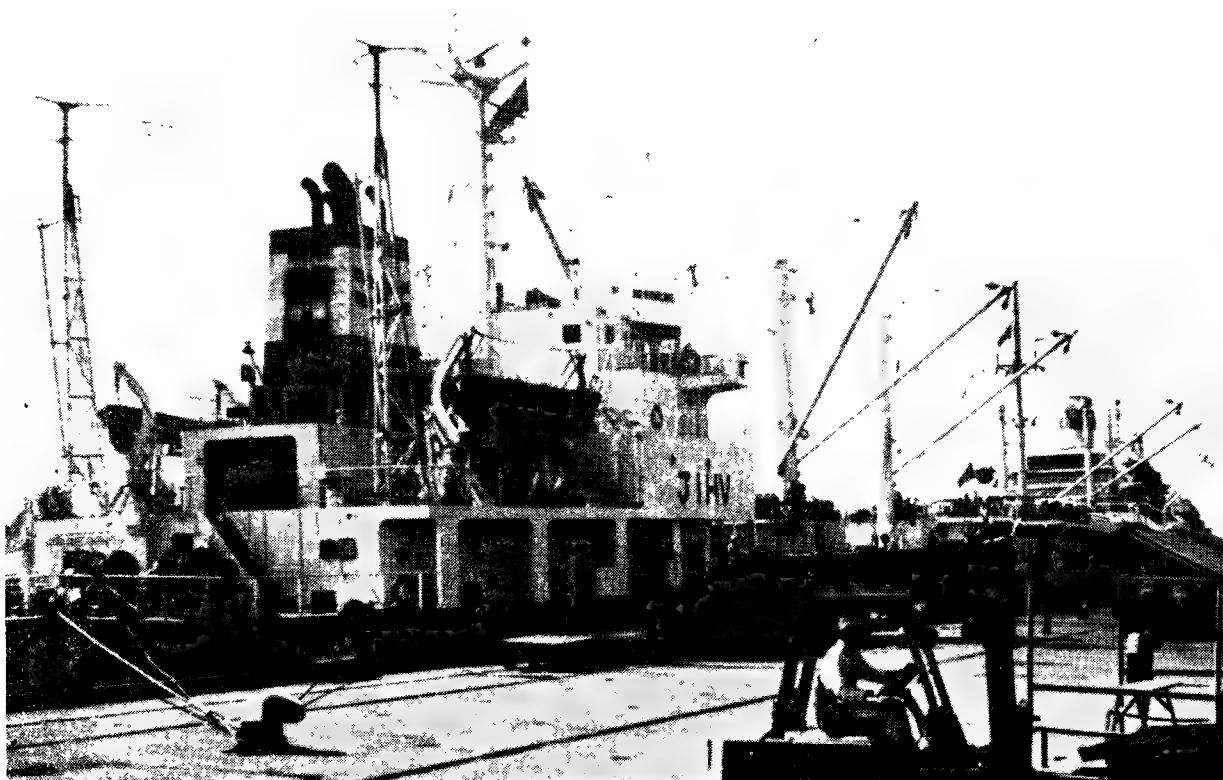
in China," said Wan Li, vice-premier of the State Council, during a recent visit to the city.

Housing is an acute problem in Shanghai. Its 230-square-kilometre city proper is packed with 11.9 million people. But few seem to be bothered. The abundant supply of commodities is enough to keep the dwellers together.

Fresh vegetables are bountiful even in the wintertime, thanks to the mild weather. The constant expansion of the commercial network is making shopping more and more convenient. Small mom-and-pop stores can be seen on virtually every street corner.

When night falls, the numerous eateries are thronged by people eager to savour the delicacies at incredibly low prices—20 or 30 fen for a serving of fried dumplings or juicy meat-stuffed buns.

Shanghai residents are changing the face of their city through their hard work and wisdom, and in this way they have contributed tremendously to making China strong and prosperous. The metropolis' per-capita income is six times the national average, and labour productivity is four times as high. Shanghai accounts for less than one-twentieth of the nation's total value of fixed assets, yet last year its total output value of 67.86 billion yuan made up one-ninth of the nation's total,



A view of Shanghai Harbour.

and the city contributed one-sixth of the national income. It is no exaggeration to say that Shanghai is China's industrial pace-setter.

Shanghai Harbour — A Transport Hub

Located half-way up China's Pacific coastline, with the highly developed Changjiang (Yangtze) River Delta at its back, Shanghai is the nation's largest transportation hub and one of the world's 10 busiest port cities. A constant stream of ships visits Shanghai Harbour all year round.

Ice-free through all four seasons, the harbour has 80 km of shipping frontage along the Huangpu River. In 1984 it handled an estimated 100 million tons of cargo, 30 percent more than in 1978.

Today the harbour has 12 operation zones, and one of them, Operation Zone Five, can handle

the same amount of cargo as the entire harbour three decades ago.

The Huangpu River serves as the harbour's main shipping artery. On the stretch between the customs building in downtown Shanghai and the Changjiang estuary, numerous steamboats and motor junks ply up and down the river, tooting horns to greet each other, while along the shores, many ships are being loaded and unloaded with cranes, conveyer belts and forklifts.

Every year Shanghai Harbour receives some 9 million passengers from all over the world. The port has established trade relations with more than 160 countries and regions. Since 1978, Shanghai has set up sister city relations with Seattle and New Orleans in the United States and Osaka and Yokohama in Japan. Some 22,000 ships arrive in the harbour each year, 2,000 of them

carrying goods to or from other countries.

With the implementation of the open policy, the harbour is handling an ever-growing supply of goods coming in and out of China. To meet the demand, five 10,000-ton-class berths have been refurbished to accommodate container cargo ships.

Such changes reflect only a part of the harbour's ambitious modernization programme, with its focus on containerization and large-scale, high-efficiency mechanization and automation.

In Operation Zone Seven, near Wusongkou, construction on China's largest container cargo wharf has entered the final stage. When completed this October, the wharf will be able to handle 200,000 standard containers a year.

Large-scale coal loaders and unloaders are being installed on four wharves in the middle

reaches of the Huangpu River, a project that will increase their coal handling capacity from 4.6 million tons to 8.5 million tons.

The harbour's modernization programme is geared to Shanghai's general plan for future development. Work is now under way to choose sites for 10 more berths to be built where the Huangpu joins the Changjiang, and a new harbour will also be developed.

Shanghai Company Copy of Success

"I hope someday my company will become a giant in the photocopying business," said Zhou Xinrong, the 56-year-old general manager of Shanghai's Yanzhong Photocopying Co.

His tone reveals an unmistakable sagacity, a quality for which people of Shanghai are known throughout the country.

Started in a small neighbourhood workshop, Yanzhong Photocopying is now a major concern with 11 factories, one service centre and a research institute. In just five years the company has registered a six-fold gain in its output value, a five-fold increase in its profits and a more than five-fold rise in profits delivered to the state.

These achievements would have been impossible by sticking to the old ways of doing business. The company achieved its success with initiative and wisdom, assisted by an openness to foreign expertise and a well-knit management system. Shanghai entrepreneurs have no lack of these assets, and the Yanzhong Photocopying Co. is a typical example in this regard.

Once, when Yanzhong was still in its infancy, Zhou invited six companies to design a cold illuminant for blueprinters. The

company that came up with the design first, Zhou promised, would win the contract. That cost a lot more money, but time was saved. "Isn't it true that time means money, too?" asked the manager. "In that way we won both—the money and the time." The company now grosses more than 1 million yuan a year from the production of cold illuminants alone.

Another key to Zhou's success lies in his skilful use of advertising and his dogged study of consumer psychology. His keen interest in psychology was sparked by a tale he read as a child. In the story a street beancurd milk pedlar is doing poor business because he always asks his customers if they want an egg in their milk. Then, after losing too much money, he learns to word his question differently. "How many eggs do you want me to put into your milk?" he asks. As if by magic, the pedlar soon has a roaring business and becomes rich. With a little psychology, the pedlar has avoided a "yes" or "no" answer and induced his customers to choose the number of eggs they want.

Zhou seems to benefit from the tale tremendously. Once, he bought a photocopier design that nobody else wanted at the time. He had foreseen the new model's marketability by conferring with his market researchers. Just as

he expected, the new product was highly acclaimed after it appeared on the market.

Zhou's company has now won the confidence of the Bank of China, which provided foreign exchange loans with which the company equipped its service centre with advanced photocopiers imported from Britain, the United States and Japan. The service centre is indeed an impressive affair, with row upon row of photocopiers.

The open policy has opened broad vistas for China's entrepreneurs. And now Zhou wants to run a joint venture with a foreign partner. The same afternoon he announced his plans, he was already flying to Shenzhen to begin negotiations.

Pollution Causing Shanghai Concerns

A roadside noise monitor on Shanghai's Bund reads, as always, between 65 and 70 decibels. According to the standards set by the state, that is too noisy for a commercial centre.

Water pollution is yet another problem for Shanghai. The Suzhou and Huangpu rivers are dirty and smelly. The cause is obvious—four-fifths of the city's waste liquid is discharged into the rivers without undergoing any treatment.



Zhou Xinrong, manager of the Yanzhong Photocopying Co., is a shrewd and perceptive businessman.

The grave pollution of the rivers has forced city authorities to seek water for the residents and industries further up the Suzhou and the Huangpu. That will cost more than 1 billion yuan, and feasibility studies are now being conducted.

Air pollution has been considerably eased with the help of filters and scrubbers on the smokestacks of the city's 10 steel works. To completely solve the problem, though, the city has planned to gradually close down or move those factories which cause serious pollution.

Then there is also the acute problem in housing, as we have mentioned above. In 1983 living space averaged only 4 square metres per person for 455,000, or 28.4 percent, of the city's families. The housing crunch will be considerably eased by 1990, given the present construction speed of 5 million square metres of floor space per year. But even then the problem will still exist to a certain degree. Herculean efforts are needed before the city can come to grips with its overpopulation and the problems that accompany such crowding.

Baoshan Steel Typifies Co-operation

A 40-minute bus ride from downtown Shanghai leads to the 12-square-kilometre construction site of the Baoshan Iron and Steel Complex. In the near future the site will be transformed into a city of its own, complete with factories, housing, hotels, grocery stores, post offices, hospitals and all the needed services.

The largest steel works ever built with imported technology and equipment, Baoshan Steel will be completed in two phases. When the first-phase construction ends this September, the complex



The new Baoshan Steel Complex is one of China's most ambitious modernization projects.

will begin partial operation. Already completed are a raw material wharf, a power plant, a coking mill, a sintering furnace, a blast furnace and a converter. To be completed soon are a steel-rolling workshop and a 500,000-ton-a-year seamless steel tube factory.

The first phase will cost 12.8 billion yuan. To date, 95 percent of the factory buildings have been completed and 93 percent of the equipment has been installed and is being tested. Once commissioned, the equipment will yield a gross profit of 200 million yuan a year. Even better economic returns are expected of the projects to be built during the second phase. When the entire Baoshan Iron and Steel Complex is running at full capacity, it will turn out 6.5 million tons of iron and 6.7 million tons of rolled steel a year. These steel products are badly needed for China's modernization drive. Until now they have to be imported from other countries. Because steel imports are costly, Baoshan Steel will save China large sums of foreign exchange.

More than 50,000 workers from all over China have taken part in

the construction of the Baoshan Iron and Steel Complex. No matter what people think of the project, its immensity exemplifies the commitment to quickly overcome backwardness in the steel industry.

The 200-metre-high red-and-white chimney of the sintering workshop rises above the huge Baoshan construction site, where an array of furnaces stand out against the blue sky. Plumes of white steam drift from the chimney of the power plant, and freighters are moored alongside an automatic raw material wharf. Pile drivers hammer up and down, laying the foundation for projects to be completed in the second-phase construction.

Baoshan's colossal size has raised the question among many in China and the world: Is the project worth undertaking? The doubts are compounded by problems arising from inexperience on the part of the builders. But according to Yuan Guoliang, chief editor of the *Bao Gang Bao* (Baoshan Steel News), problems are to be expected. After all, he said, this project was undertaken right after the downfall of the gang of four and after long periods of closed doors. On the

whole, said Yuan, the project is worth the effort. Its location was chosen after meticulous calculations were made, and the contracts were signed with foreign companies after careful deliberations. The project did not begin because of a whim, as some charged.

Yuan listed three reasons why this gigantic project should be built in Shanghai. First, the convenient shipping conditions make it easy to obtain iron ore from Australia and other areas of China. Second, most of the steel products will be used right in Shanghai, China's biggest industrial centre. Third, construction of such a complex could never succeed without relying on a highly developed industrial city.

The smooth progress of Baoshan's construction is attributable partly to the sincere co-operation and hard work of experts from Japan and West Germany. Engineers and technicians from the Sinippon Seitetsu Co., attache cases in hand, can be seen frequently around the newly opened Baoshan Steel Hotel. On the construction site, experts from West Germany's Mannesman Demag Co. can be seen poring over blueprints. Difficulties? "You bet there are difficulties, such as those in daily supplies," said Werner Schonen, chief representative of the West German company, which had never before entered such large-scale co-operation with China. "But that is nothing compared with the success we have achieved in a project of this scale. And I have high admiration for my Chinese colleagues for their courage in undertaking this project."

Joint Ventures Taking Shape

It is a modest three-storey building, dwarfed by the tall Shanghai Friendship Store that stands right next door. Yet the small building houses the nerve centre for Shang-

hai's foreign economic relations — the Shanghai Municipal Committee for Foreign Economic Relations and Trade. The committee has been instrumental in reaching agreements on 21 joint ventures between Shanghai companies and overseas counterparts. Three such agreements were reached during a span of only eight days.

The burgeoning business in joint ventures is backed by the city's direct trade relations with 160-odd countries and regions. In 1984 Shanghai's exports totalled US\$3.6 billion, accounting for 15 percent of China's total export volume.

And the extensive economic ties with the world are still growing. Before Shanghai launched its joint ventures, co-operative management and leasing businesses, the city had only one joint venture, the Sino-Polish Shipping Co., which was founded in the 1950s. Towards the end of 1983, however, the city had put 200 million yuan of foreign capital in use. In the first 11 months of 1984, Shanghai received more than US\$500 million of foreign investment (six times the total the city received in the previous five years), established 37 joint ventures and co-operative enterprises with foreign companies, and undertook 154 projects in compensatory trade and property leases.

To provide an ideal investment environment, Shanghai recently opened two economic development areas, Minhang and Hongqiao.

Minhang, 30 km from the city proper, is situated on the upper reaches of the Huangpu River. It has ideal navigation conditions and is capable of receiving ships of the 3,000-ton class.

Minhang has a fairly strong industrial foundation, as well, and a developed infrastructure that includes a power plant, a water purifying plant, a waste treatment plant and a telephone company. In

the near future, more wharves and gas storage facilities will be built.

Minhang will be opened to foreign investment in medium-sized and small factories manufacturing such products as electronic goods, meters and instruments, clocks and wristwatches, toys, garments, foodstuffs, machine parts, household electrical appliances and medical equipment. Priority will be given to technology-intensive industries.

The Hongkong Universe Toy Group and the Shanghai Huanqiu Toy Co. Ltd. were the first to start up a joint venture in Minhang, which began operations at the end of 1984. Negotiations are under way on 20 more joint ventures to be established there.

While Minhang will be developed as a 213-hectare industrial area, the 35.2-hectare Hongqiao Development Area in the western part of Shanghai will be covered with office buildings, residential quarters, hotels, apartment buildings, foreign consulates, banks, insurance companies, supermarkets, tennis courts, swimming pools and skating rinks. The area's attraction lies in its beautiful, quiet surroundings, its well-developed transportation network and its service facilities.

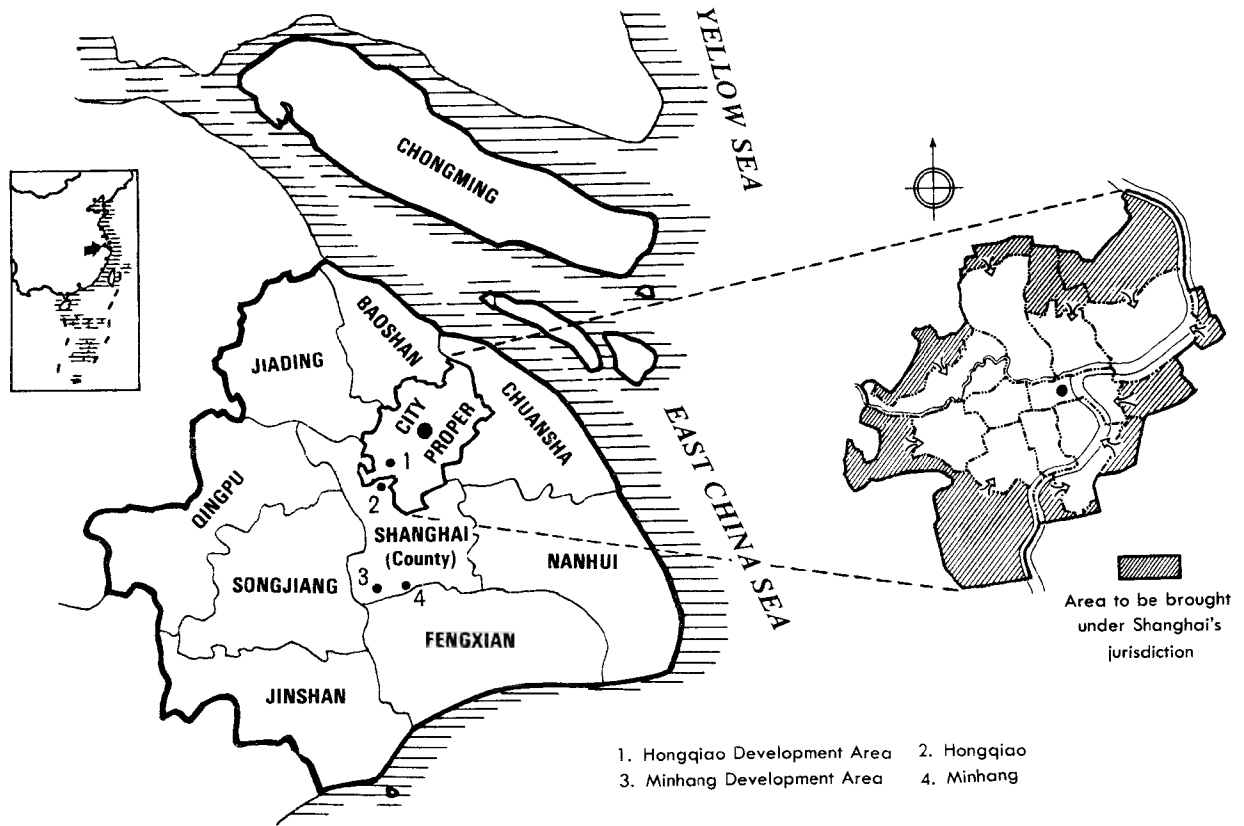
Preparations are being made for Hongqiao's development. Most of the land has been acquired and infrastructure facilities are being built. It is estimated that Hongqiao will be able to offer land for lease sometime this year.

Shanghai-Santana Puts Cars on the Road

Modern automobiles are coming off the assembly line of the Shanghai-Volkswagen Auto Co. Ltd. "Our Shanghai-Santana is as good as any sophisticated car of the 1980s," say the company's workers.

The Sino-West German joint

SHANGHAI'S ADMINISTRATIVE DIVISIONS



venture went into operation in October 1984 after Volkswagen and the Shanghai Auto Works reached agreement. The joint venture also produces Shanghai brand cars. By 1987 the factory will be able to produce 30,000 Shanghai-

Santana cars and 100,000 engines every year. It will, no doubt, significantly boost China's auto industry.

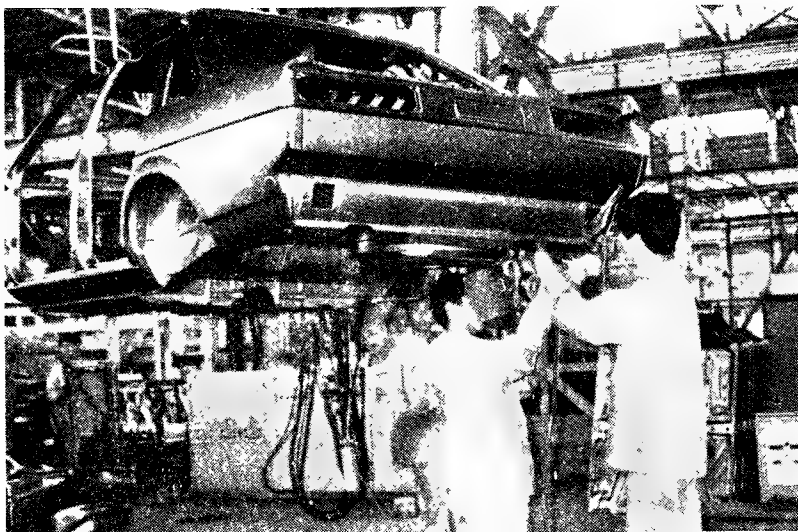
At present, the factory only assembles the components shipped in from the West German company,

but eventually it will be able to supply all the parts and materials required. However, making that change will require great pains in learning, according to Zhang Bingpei, the factory's 51-year-old director.

Cars are in short supply in China. This year the country will have to import more than 10,000 automobiles. Self-sufficiency in the auto industry can be achieved at an early date only by actively absorbing foreign funds and technology.

Zhang, a 1952 graduate of Shanghai's Jiaotong University, credits much of his factory's success to the devotion of German experts. The Germans, for their part, are also satisfied that their every demand has been met.

Road tests and trials have proved the Shanghai-Santana sedan to be a fine vehicle, characterized by light weight, high fuel efficiency,



Modern Sedans roll off the assembly line at the Shanghai-Volkswagen Auto Co.

City Upgrades Services to Attract Foreign Investment

by **YUAN CHONGWU**
Deputy Mayor, Shanghai

Utilizing foreign capital, importing advanced technology and strengthening international co-operation constitute Shanghai's long-term strategic policy for economic and social development.

The municipality now has the power to approve the construction of productive projects that cost less than US\$30 million and non-productive projects of any cost. With that power, Shanghai's city leaders are drafting a complete set of rules and regulations to lure overseas investment. As part of that effort, the city will provide better services (helping with negotiations, providing legal expertise, etc.) and grant preferential provisions to overseas investors in accordance with state regulations (see issue No. 50, 1984).

In the immediate future Shanghai will, acting on its needs for economic and social development, lay the emphasis of its efforts on the following endeavours.

— Speeding up the technical

transformation of old enterprises, especially those in metals, building materials, light industry, textiles and food processing industry, so that by 1990 the city's industry, transportation, communications and construction will reach the level of developed countries in the 1980s.

— Developing new technology. While seeking a breakthrough in microelectronics, Shanghai will gradually launch new industries such as those in new materials, optical fibres, lasers, biological engineering, marine engineering and robotics.

— Building up the Minhang and Hongqiao Development Areas, which will become Shanghai's investment centres for overseas industrialists and entrepreneurs.

— Developing tourism, trade centres and other tertiary industries. More tourist hotels, office buildings, apartment buildings and recreational centres will be built.

— Speeding up urban development. That means we should energetically develop the in-

frastructure, including energy supply, transportation and public utilities. We will also transform and build new harbours, railway stations, airports, tunnels, highways, subways and telecommunications facilities so as to improve the investment climate.

— Developing sideline production in suburban areas, with the emphasis on milk, freshwater fish, poultry, fodder and opening up Chongming Isle.

To provide a good investment environment for overseas businessmen, Shanghai will build, in the near future, an express trolleybus line between Baoshan and Jinshan, a new subway and a bridge across the Huangpu River. The city's construction plans also include two tunnels under the Huangpu River, railway overpasses and highways. Shanghai Harbour's cargo handling capacities will be expanded, and preparations are under way for the establishment of a Shanghai-based airline. Telephone services will be improved, so that by 1985 the city's trade companies and big hotels will be able to dial direct calls overseas.

fast acceleration and a smooth ride. The 600 vehicles produced so far have caught the public's eye, and orders are pouring in from all over the country.

Exchanges Include Arts, Sciences

Shanghai receives huge numbers of tourists, industrialists and entrepreneurs from all over the world. Now their ranks have been swelled by scientists and artists, and for good reason. The metropolis is known for its advanced science and

technology establishment and its highly developed cultural life.

As the nation's leading scientific research base, Shanghai has 299,000 natural scientists working in its 710 research institutes and 108 academic organizations.

The open policy has attracted some 500 overseas scientific and technical delegations to Shanghai for academic exchanges. Since 1980 the city has hosted 20 science symposiums, which were attended by an international audience of 1,900.

The academic exchanges over

the years have been highly rewarding to China and the rest of the world, said Liu Gengsheng, deputy secretary-general of the Shanghai branch of the China Association for International Educational Exchanges. He said that China's achievements do not belong to China alone and should be shared by all of mankind. Such exchanges have also enabled China to draw on foreign experiences to help modernize the nation's technological base.

Shan Renchao, a Shanghai Conservatory of Music official, has

Asian and African students listen attentively in a class at Tongji University.



similar feelings. Over the years many foreign musicians have been invited to lecture at his conservatory. The visitors have broadened the students' horizons, kept them abreast of the world's music trends and brought them in touch with things they never knew before, such as 20th-century works unknown to China. The exchanges have also served to boost the students' confidence in their country's position in the world community.

Many famous Western musicians have taught at the Shanghai conservatory, which is China's oldest school of music. They include British composer Michael Tippett, Italian singer Zino Bechi, French cellist Maurice Gendron, American cellist Aldo Parisot and American opera conductor Kurt Hurbert Adler.

China's music talents received world attention when dozens of the conservatory's graduates won medals in international contests last year. Said Issac Stern, the famous American violinist, of the violin exercise rooms of the primary school attached to the conservatory, "there is a talent inside every window."

Foreign Exchanges Common in Schools

The open policy has fostered new friendships between Shanghai's intellectuals and their over-

seas counterparts and brought many old acquaintances back together.

Typical examples can be seen at Tongji University, an engineering school. Established in 1907 as a medical school, Tongji used German as the teaching language prior to liberation. That tradition was restored in 1979. As part of the effort, Tongji signed a co-operative agreement with West Germany's Ruhr University.

Fifteen of Shanghai's 45 universities and colleges have established sister school relations with counterparts in other countries. Fudan University is exchanging students with Leeds University of Britain. Every year Fudan sends 15 students to study in Britain and receives 36 Leeds students who come to study Chinese. This programme has become part of a Sino-British agreement on cultural exchanges.

Since 1979 more than 400 foreign experts and professors have visited Tongji for academic exchanges, 300 of them from West Germany. Many foreigners are co-operating with the university in scientific research. They include Professor B.A. Bolt of the University of California (Berkeley) in anti-earthquake science; Professor W. Durth of Darmstadt, West Germany, in the study of highways; and Professor I.K. Lee of the University of New South Wales,

Australia, in the construction of high-rise buildings.

Dietelich Mohn, a Hamburg University authority in linguistics, is very much impressed by the Tongji students' command of German. Mohn said the theses written by Tongji German majors and graduate students are up to the standard of those written by master's degree candidates in Germany.

Since 1978, 67 foreign students have graduated from Tongji, and students from Japan, France, Austria and the Soviet Union are currently studying in the university's postgraduate programmes.

Many of these students are happy to be able to study in this prestigious university. There are 18 students from Africa, the Middle East, Nepal and Pakistan enrolled in a four-year programme in architectural structure. "We can hardly understand each other if we speak in our native tongues, so we communicate with each other in Chinese," said Abass Osman Warfa, a shy young man from Kenya.

To Umesh Rimal, a Nepalese student who entered Tongji after finishing a year's language study at the Beijing Languages Institute, the days spent in Tongji are as pleasant as at home. He seems to have adapted fairly well, and he has no trouble understanding the lectures given in Chinese. In his class the Asian and African students are on good terms, never hesitant to help one another with their studies. Many of them are studying hard so that some day they can use the engineering knowledge back in their countries.

Tongji is a microcosm of Shanghai's ever-expanding exchanges with the other parts of the world in education, science and technology. Obviously, such interflow is beneficial to all parties concerned. □

Warning on Natural Resources

from "BEIJING WANBAO"
(Beijing Evening News)

THE natural resources investigation committee of the Chinese Academy of Sciences recently released some interesting projections for China's surface resources at the beginning of the 21st century.

Resources of the earth's surface include land, water, light, heat, forest and grassland. China enjoys more water, light and heat than most countries in the world. However, because of its huge population, there are fewer resources per person than elsewhere in the world.

By the year 2000 China's arable land will be between 120 million and 126 million hectares. The average per-capita arable land will be reduced from the present 0.13 hectare to 0.1 hectare.

By 2000 China's water conservancy projects will provide 600 billion cubic metres of water. Even so, another 30-50 billion cubic metres will still be needed. Places lacking water include the southern part of northeast China, the Haihe River valley, and the middle and lower reaches of the Huanghe (Yellow) River and that of the Huaihe River, where industrial and mining areas and cities are concentrated.

At present China has 115 million hectares of forest. The nation now consumes 290 million cubic metres of timber annually, but its forests grow only 270 million cubic metres a year. At the turn of the century China will need 240 million cubic metres of timber. By then only 150-177 million cubic

metres of timber will be available. Therefore there will be a strain on timber supply for a long time.

To maintain a basic balance between man's demand and the supply of natural resources, the in-

How to Arrange for 200 Million?

from "INNER MONGOLIAN
SHEHUI KEXUE"
(Inner Mongolian Social Sciences)

BY the 1960s China already had a large population. To complicate this problem, there were two birth peaks during the following 10 years. At present, although energetic efforts are being made to encourage each couple to have only one child, China's population will reach 1.2 billion by the end of this century. Therefore, it has become an urgent task to make arrangements for the extra 200 million people who will be born over the next 15 years. According to a recent article by Fei Xiaotong, a famous sociologist in China, the problem can be resolved in two ways.

First, the distribution of China's population is extremely uneven. If the country's territory were separated into two approximately equal halves by drawing a straight line from Mohe Town in northeast China's Heilongjiang Province to Ruili County in southwest China's Yunnan Province, the population in the western half would only account for 6 percent of the nation's total and its population density would be only 10.7 people per square kilometre. Meanwhile, the population density of Shanghai in the eastern half is 1,913

people per square kilometre. In Tianjin it is 687 per square kilometre and in all of Jiangsu it is 590 per square kilometre. Past experience has proved that the sparsely populated remote areas welcomed the migration of people from other parts of the country to effect economic development. Take the three northeastern provinces for example. In 1949 they had a population of only 30 million. By 1982 the population had reached 100 million. Of the 70 million new people, only some 30 million are natives. The rest, 30 to 40 million, moved to the northeast from other parts of China. Calculated according to this growth rate, the population in the four western provinces and autonomous regions can accommodate an increase of 60 million in the next three decades.

Second, the distribution of the population in the eastern half has a strong characteristic. That is, the population is distributed unevenly between the cities and the countryside. The population is concentrated in a few big cities, while the rural towns around them, which are commodity distribution centres in the countryside, have not been developed as they should. Since 1978, with the rapid development of commodity production in the rural areas, these

towns have received new vitality as political, economic and cultural centres and their populations have increased rapidly, too. According to one plan, the number of towns in China will be increased to 3,178 (there are now 2,819). If the average population of the towns can be doubled to 40,000 in the coming 15 years, they can accommodate a total population of 130 million by the end of this century, 70 million more than now. Added to the 53 million

people to be absorbed by the 53,000 smaller rural towns, two-thirds of the 200 million new people would be situated.

The possibility for realizing the above-mentioned goal lies in the following two facts: First, rural industry has a strong vitality and it can lay a solid material foundation for the development of the rural towns; second, the rapid changes in the rural economic structure have prepared the conditions for the towns to absorb the growing population.

Prisoners Manufacture Porcelain

from "ZHONGGUO
FAZHI BAO"
(China Legal News)

BEAUTIFUL porcelain bricks for decorating walls and floors were recently produced in an ordinary brick kiln by Zhu Yan, Duan Dequan and Cao Fenghai, three prisoners in a labour reform camp in Fushun city, Liaoning Province.

During their prison terms the three worked hard and used their skills to develop new porcelain products which consume less

energy. They trial-produced their new products more than 100 times.

In two years the three manufactured more than 10 kinds of porcelain products and dozens of glaze products, all of excellent quality.

The prison officials awarded them with prizes and money and their prison terms were also reduced. Zhu's and Duan's terms were reduced two and a half years each. Cao's was reduced six months and he was recently set free.

Disabled Worker Scores Successes

from "GONGREN RIBAO"
(Workers' Daily)

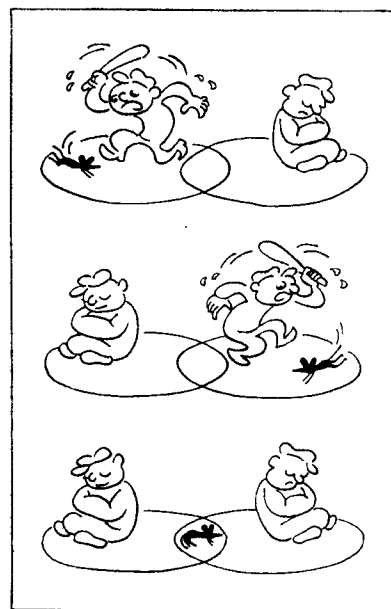
ZHAO JINGAN, a disabled worker in the Xian Electromagnetism Research Institute, was awarded a special prize last month for his self-education.

Zhao, 31, a junior middle school graduate, has now reached the academic level of a college graduate after 11 years of hard work. He was promoted to assistant engineer in 1983 because of his success in scientific and technological research.

Half-paralysed from infantile paralysis, Zhao overcame many

difficulties and finished all the required courses of senior middle school and engineering college. In the early 1970s he designed several pieces of equipment for the Xian Electromagnetism Institute. In 1979 the institute introduced a set of analytical and survey instruments. Zhao's leader let him programme the software for the new computer and he did an excellent job.

In recent years Zhao wrote three academic papers that were highly praised at national academic meetings. He has learnt by himself English, German and French and has translated 14 articles.



Strict division of work.
by Zhou Zhonghua

Professor Finds Unusual Geyser

from "GUANGMING RIBAO"
(Guangming Daily)

A WONDERFUL geyser, an unusual natural phenomenon, was recently discovered by Tian Kaiming, a hydro-geology professor in the postgraduate school of the Beijing College of Geology, when he conducted a survey in Dayong County, Hunan Province.

The geyser, located alongside a small stream, erupts every 20 minutes. When erupting, the geyser first begins to bubble, gurgle and spew forth a gentle stream of water. Then the spring water shoots out from two cracks in the rocks. The stream in front of the geyser rises two feet and then overflows. The eruption lasts about three minutes and after another five or six minutes the water stops flowing. Tian and his fellow researchers witnessed three eruptions during their 45-minute stay.

The surroundings of the geyser are also very beautiful, making it a potential tourist spot.

Rong Yiren Reviews CITIC Progress

As the China International Trust and Investment Corp. (CITIC) enters its fifth year of business, Chairman of the Board Rong Yiren sees continuing success in introducing foreign funds and technology to help boost China's modernization drive.

Rong, known as the "Red Capitalist" because of his business success both before and after liberation, has helped CITIC establish business contacts with more than 60 countries and regions since it was founded on October 4, 1979. CITIC has developed co-operation with more than 20 of China's provinces, municipalities and autonomous regions.

In an interview with *Beijing Review*, Rong said the corporation boosted its international reputation and entered the international monetary market in 1982 with the issuance of bonds valued at 10 billion yen in Japan. Rong said he expects that CITIC will again issue bonds at an opportune time in the future.

Looking back over the first few years of business, Rong outlined the activities undertaken by the corporation:

— Pooling funds from abroad through various ways. Now, the corporation has signed co-operative agreements with more than 50 countries and foreign monetary organizations to attract foreign exchange deposits. It has also successfully issued bonds, thus entering the international monetary market.

— Setting up Chinese-foreign joint ventures. At the same time, the corporation has also pooled foreign funds to import advanced



technology and to make investments in domestic construction. At present, CITIC is negotiating with the United States, Japan and West European nations as well as with Hongkong and Macao, for new projects. The negotiations have been proceeding smoothly, said Rong.

— Joining funds with related departments to set up leasing companies to import equipment for the technical transformation of domestic enterprises.

— Starting business in real estate. A Beijing office and residential building for foreign companies will be completed in May this year. In addition, the corporation has also planned to build another similar edifice in the eastern suburbs of Beijing. It is expected to be completed in three years.

— Making investments abroad in the timber industry to meet China's urgent demand for timber. The first shiploads of timber will arrive in China soon.

— Providing economic consulting services.

Rong said CITIC wants to work with a few big enterprises abroad, which have both the strength and the willingness to promote China's economic and technical co-operation with the rest of the world. The corporation hopes to establish closer ties with industrial and commercial organizations, associations and banks in other countries, and expand its international trade and monetary business.

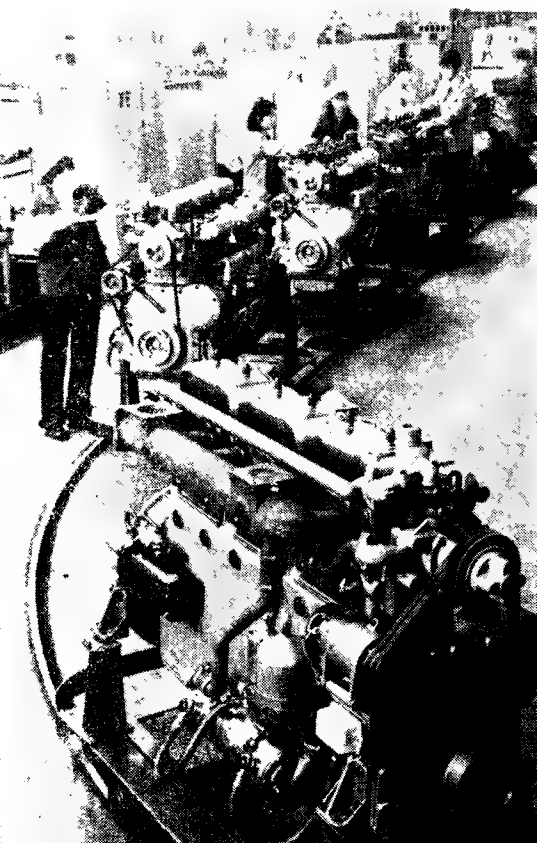
Rong added that last year the state approved the corporation's plan to start a foreign exchange banking business. CITIC will work hard to start the service as soon as possible, he said. At the same time, the corporation will continue making investments abroad. There are plans to start a few new projects this year, said Rong.

Machine Export & Import Increase

With machine exports ranging from small agricultural tools to 210,000 kw generators, China has begun to make a name for itself on the world market.

China's machine exports today number some 500 varieties, including coal mining equipment, chemical industry equipment, oil refining equipment, generators, instruments, agricultural machines, automobiles, food processing machines and packaging equipment.

Small hydropower generators produced in China are squeezing their way into the world market, gaining attention and favour with their fine quality and fair price. Over the past three years, the gen-



Tianli brand diesel engines and diesel generators produced in Guizhou Province are sold in 44 countries and regions.

erators made in Zhejiang and Sichuan provinces have been sold not only in third world countries such as Pakistan, the Philippines, Indonesia, Thailand, Malaysia and Peru, but they are also selling well in the United States and Canada.

Gao Shilun, vice-chairman of the China Machinery Equipment Export and Import Corp., told *Beijing Review* that China's machinery exports reached a sale of US\$340 million in 1984, 9.7 percent the 1983 figure and almost three times the sales in 1978, the year of the company's founding.

Gao said that Chinese machinery exports have been marketed in more than 120 countries and regions. Some 300 agency stores have been established in these countries and regions to carry out the exports. The corporation has 650 of its trademarks registered abroad, thus protected by law.

The import of machinery technology and equipment through the

China Machinery Equipment Export and Import Corp. is also progressing steadily. In 1984 the corporation signed 150 contracts on importing machinery equipment, 36 percent more than in 1983. The 1,300 imported pieces of machinery equipment were worth a total of US\$120 million, up by 20 percent over 1983.

Gao said that during the China International Machinery Technology Exhibition held in Beijing last month, his corporation signed 43 contracts with foreign companies on importing machinery technology. New contracts include offset printing presses, heating furnaces, flexible carbon materials, numerical control presses and space aircraft cables. The contracts total US\$17 million. Another 36 contracts worth US\$13 million were signed for the import of machinery equipment. The corporation has so far established contracts with 250 foreign businesses in 45 countries and regions.

Gao said that machinery exports and imports will be further expanded to keep pace with the modernization drive.

* * *

Economic Relations With Finland Furthered. The year 1984 was one in which the traditional pure trade relations between China and Finland grew into a combination of trade and economic co-operation.

During the first 10 months of the year, China imported goods valued at US\$59.28 million from Finland and exported goods worth US\$17.17 million. Compared with the corresponding period of 1983, China's imports from Finland went up by 23 percent, while its exports fell by 28 percent.

In September 1984 the two countries signed an agreement on protecting investment and an agreement establishing the Qingdao Hualin Plywood Co. Ltd., the first joint venture between China and

Finland. Another agreement concerning avoidance of double taxation is under discussion and should be concluded in the near future.

More than 400 representatives from Finland's economic circles came to China in 1984, the largest number ever. Many Finnish exporters held exhibitions and symposiums in China last winter. It is estimated that the pace of Finnish economic co-operation with China will continue to accelerate.

Finland established diplomatic relations with China in 1950. In 1953 the two countries signed a bilateral trade and payments agreement, the first such trade agreement between China and a Western country. Trade on credit was for many years carried out between the two countries and the Finnish currency, the markka, was used for payment. But trade on credit has since 1983 been changed into trade in cash.

In 1979 the two countries signed economic, industrial and technological co-operation agreements, with the co-operation focused on forestry and the paper-making industry. In addition, civil aviation, shipping and textiles agreements have also been signed by the two countries.

In 1979 the Finnish government decided that beginning in 1980 it would implement a generalized preferential policy towards China's exports to Finland. This policy smoothed the way for China to increase its exports, especially tinned food, to Finland.

China's exports to Finland mainly include textiles, light industrial products, industrial chemicals, handicrafts, cereals, oils and foodstuffs.

The main commodities imported from Finland by China include chemical paper pulp, various kinds of paper, chemical fertilizers, man-made fibres, steel products and machines.

Surprising Fine Arts Exhibit

A recent fine arts exhibition in Hangzhou surprised a lot of people because the three techniques featured, copperplate etching, lithography and silk screening are common internationally but rare in China, where woodcuts are more popular.

Hide and Seek, a copperplate etching on exhibit, shows a mischievous child playing hide-and-seek with his grandpa around an old tree. Countless lines crawl in and out of each other to show the old tree with strong roots and a spotted trunk, the marks of hardship and experience. The deep, hollow areas of the picture are as moving as the sunshine penetrating the thick leaves, leaving a trace of longing and hope.

Copperplate etching was first popular in Europe in

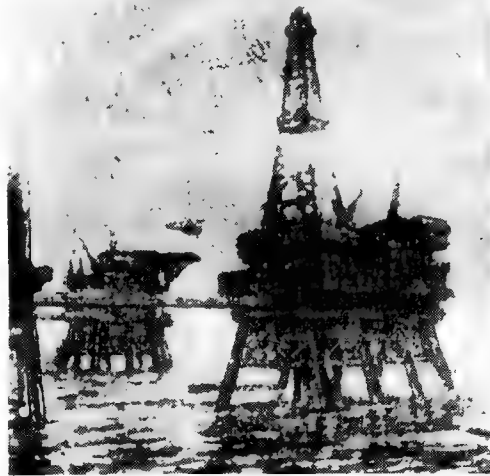
the 15th and 16th centuries, and was brought home^a by Chinese students at the beginning of this century. At first glimpse a copperplate etching looks like a pen drawing. But the plate is actually cut by a corrosive acid after it has been carved with a knife and a needle. When inked

and pressed on to paper, the art work appears.

The lithograph *Early Spring On the Bohai Sea* depicts a new offshore oilfield. The sea glitters under the sun and the waves are touched with golden rays shooting through some thick clouds.

The picture is drawn on a stone plate, and then printed with a special ink mixed with oil. After chemical processing, the lines of the art work absorb the ink and reject water, while the rest of the stone absorbs water and rejects ink. The process must be duplicated several times to produce the various colours. A lithograph looks something like a sketch, but is far more subtle.

The silk screen printing *The Year of Bumper Harvest* shows three peasant women's happiness as they get ready to bring in the crops.

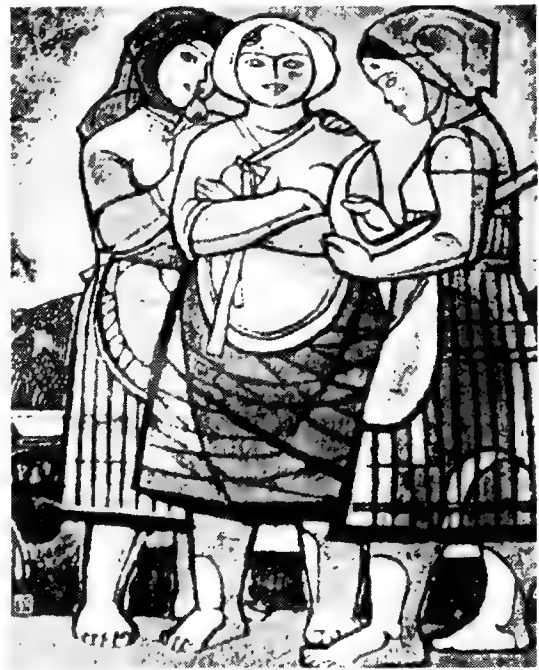


Early Spring on the Bohai Sea.

Hide and Seek.



The Year of Bumper Harvest.



Deng Xiaoping's Works Published in Britain

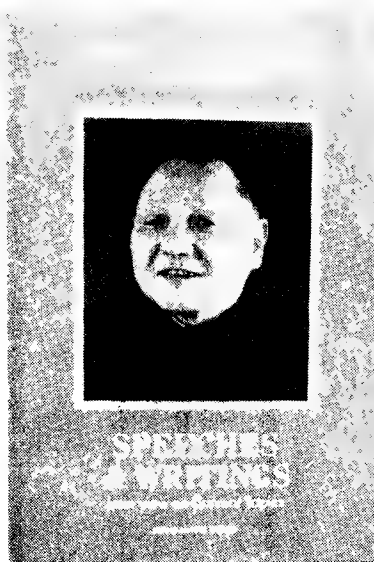
"I deeply love my motherland and her people," wrote Deng Xiaoping in the foreword of the newly released volume of his *Speeches and Writings*.

The book was published in English last month by the British Pergamon Press as part of their "Leaders of the World" series. It is the first time a Western publishing firm has been allowed to issue the works of an incumbent Chinese Party and state leader. This is a great step forward in China's international cultural exchanges.

The introduction is written by Robert Maxwell, general editor of the "Leaders of the World" series and general manager of the Pergamon Press. In it, he outlines Deng's biography.

Nine important works written between 1956 and 1984 include an interview on current affairs Deng did with Maxwell, plus the foreword written by the Chinese leader. These articles cover all facets of life in China, from politics and economics to science, education and culture, from the united front and foreign affairs to the Party's rectification and development.

In his foreword Deng writes, "The world has progressed amidst complex contradictions and great turmoil. Socialist China and the Chinese Communist Party have also followed an unusual path of their own. . . . As a member of



the Chinese nation, I feel honoured to be a citizen of the international community. I am a son of the Chinese people. I deeply love my motherland and her people. . . . Through our own creative labour, we will radically transform the backward aspects of our country so that, with an entirely new look, it will take its place in the front ranks of the nations of the world. Together with the people of other countries, we will push forward the just cause of human progress. I am firmly convinced that the future of China belongs to the people of China, and that the future of the world belongs to the people of the world."

The publication of Deng's book will help people understand why the Chinese leader is so admired by the Chinese people. It will also provide a deeper understanding of the Chinese government's basic principles.

The articles together suggest a number of major themes. First,

China must not ignore reality in following Marxism and building a uniquely Chinese socialism.

After the downfall of the gang of four, people both at home and abroad wondered which direction China would take. The answer lies in Deng's works. He discusses theoretically the problem of combining Marxism with concrete practice in China. He emphasizes seeking truth from facts and proceeding from reality in all work which, Deng says, is the quintessence of Mao Zedong Thought, and has a direct bearing on the future and the destiny of the Chinese Communist Party and the nation.

Under the guidance of this principle, the Party is leading the Chinese people to reform state institutions and restructure the economic system in a planned and systematic way. To build up a contingent of cadres who are revolutionary, younger, well-educated and professionally competent, a generation of young men and women have been promoted to leading posts. The Chinese people are devoting themselves to building a civilization which is both materially developed and socialist in spirit. They are making great efforts to achieve a high degree of socialist democracy and are implementing a series of significant policies to open China to foreign business and to strengthen friendly ties with the world's people.

Second, Deng persistently stresses implementing the mass line and the importance of public opinion.

To counter the tendency of

Deng Xiaoping: *Speeches and Writings*

Edited by Robert Maxwell

Published by Pergamon Press, England

leaders being divorced from the masses, as early as 1956 Deng advocated following the mass line in the Party and guarding against bureaucracy. He stated, "Being in a position of power, our Party has been confronted with new tests.... The position of the Party as a party in power can also easily breed arrogance and self-complacency among the membership." He seriously advised his comrades, "Our purpose is to remind the whole Party that if correct application of the mass line has brought success, any departure from it will surely damage our work and the people's interests."

Third, Deng expresses his admiration for education, practical knowledge and science, and explains his policies on respecting intellectuals.

Deng says explicitly that the Party must respect intellectuals, and knowledge in general. Because science and technology are a part of the forces of production, scientists and technicians definitely belong to the working class. He maintains that developing and modernizing science and education are the keys to China's modernization drive.

In one article Deng points out, "For the modernization of science and technology, we must have a mighty scientific and technical force serving the working class," including "a large number of scientists, engineers and technicians who are first rate by world standards. It will not be easy for us to build up such a force."

Deng repeatedly stresses shifting the main work of the Party and the state to economic development, in order to quadruple China's annual gross value of industrial and agricultural output and to make the Chinese people comparatively well-off. This represents the common aspiration

of all the Chinese people, who want their country to be strong.

Fourth, Deng writes about his firm faith in self-reliance and carrying out the policy of opening to the world.

It is his consistent belief that China should rely on its own people to do well. The Chinese should maintain their independence and keep their initiative in their own hands.

In order to reach the goals of the socialist modernization programme, China must oppose isolationism. Deng writes, "Foreign businessmen willing to do business with or make investments in China on the basis of the principles of equality and mutual benefit are all welcome to do so." "China will remain open to the outside world, and is ready to establish and develop diplomatic relations and economic and cultural ties with all countries on the basis of the Five Principles of Peaceful Coexistence."

The publication of Deng Xiaoping's *Speeches and Writings* offers a reliable text from which to learn about China today. It also provides a look at the outstanding contributions Deng made in the past.

Apart from the interview, the selections are *Report on the Revision of the Constitution of the Communist Party of China Delivered at the Eighth National Congress of the Communist Party of China*, September 16, 1956; *Speech at the Opening Ceremony of the National Conference on Science*, March 18, 1978; *Speech at the National Conference on Education*, April 22, 1978; *Emancipate the Mind, Seek Truth From Facts and Unite as One in Looking to the Future*, December 13, 1978; *The United Front and the Tasks of the Chinese People's Political Consultative Conference in the New Period*, June 15, 1979; *Speech Greeting the*

Fourth Congress of Chinese Writers and Artists, October 30, 1979; *Opening Speech at the Twelfth National Congress of the CPC*, September 1, 1982; and *Speech Delivered at the National Day Ceremony*, October 1, 1984. Including the cover picture, the book contains 31 photos of Deng at various ages. Personally selected by the leader, some are published for the first time.

— Xu Liyi

Journal of International Studies

CONTENTS

- Two Opposing Trends and Two Possible Courses of Development—the International Situation in Retrospect and in Future Perspective — Ma Yaohui
- Achievements and Problems in the Economic Construction of India — Ye Zhengjia
- Trends in the South-South Economic Co-operation in the 1980s — Wang Hexin
- Soviet-US Arms Race and Military Balance — Shi Wuqing
- New Trials in Restructuring the Soviet Agricultural Management — Shi Ou
- A Plan to Reshape NATO and the US-European Alliance — Qian Nengxin and Sun Guoqin
- A Novel Institutional System, a Unique Structure — On the Institutions and Laws of the European Community — Wu Yikang
- US-Japanese Economic Frictions and Their Prospects — Zhang Biqing
- An Analysis of the Economic Growth of Sweden — Rui Feng
- A Classified Subject Index to JOURNAL OF INTERNATIONAL STUDIES (From No. 1 — No. 4, 1984)

SPORTS

Masters Square Off in Greece

China's chess masters turned in their best performance ever when the women's team finished fourth and the men's team placed eighth in the 26th Chess Olympiad in Greece, which concluded December 5, 1984.

The very strong Soviet men's and women's teams ran away with the team titles, as the men racked up 41 points and the women scored 32. The recent biannual Chess Olympiad attracted 88 men's teams and 51 women's teams; pulling in some 1,000 players who took part in 4,200 matches. Though the Olympiad was the 26th for men, it marked the 11th for women.

Chess first originated in ancient India in the fifth century and later spread to Europe. By the end of the 15th century it had evolved into what is recognized as modern chess, and it was accepted as a sport for world competition in 1886. The first Chess Olympiad was held in 1924, the year the International Chess Federation was established.

Chess has long been a traditional sport in China and enthusiasts are countless. But the chess in China is somewhat different, so it is called Chinese chess. In China, world chess was acknowledged as a sport in 1956, and the first nationwide tournament was held in 1957.

The China Chess Association joined the International Chess Federation in 1975 and China's men's team made its debut in 1978 at the 23rd Chess Olympiad. The Chinese team came home in

18th place, but Chinese players created a sensation when two of them knocked off world-class chess masters from Holland and Iceland. The Chinese men's team also participated in the 24th and 25th Chess Olympiad, finishing 35th and 40th.

The Chinese women's team

first entered the international chess arena in 1980. At the Ninth Women's Chess Olympiad in Malta, some Chinese women surprised Soviet masters to draws and the team took the fifth place together with West Germany. They managed to finish in the same position at the 10th Women's Chess Olympiad.



Asia's Top Athletes Chosen

The Chinese Sports Press Association, through a poll among the nation's sports journalists, culled 10 men and women as the best Asian athletes of 1984. The list will be submitted to the Asian Sports Press Federation for deliberation.

- (1) Zhu Jianhua, China's men's high jump world record holder;
- (2) Men's gymnast Li Ning, the Chinese triple-gold medallist at the Los Angeles Olympics;
- (3) Olympic men's individual all-round gymnastics champion Koji Gushiken of Japan;
- (4) Japanese judoist Yasuhiro Wamashita, the open category gold medallist at the Olympics;
- (5) Liem Swee King, ace shuttler of the Thomas Cup-winning Indonesian men's badminton team;
- (6) Lang Ping, an ace spiker whose formidable smashes helped anchor China's national women's volleyball team to three consecutive victories at the World Championships, the World Cup and the Olympic Games;
- (7) China's top fencer Luan Jujie, who won the women's foil Olympic gold medal;
- (8) South Korean women's basketball player Park Chan Sook;
- (9) Sprinter Lydia de Vega of the Philippines; and
- (10) Li Lingwei of China, world cup and all-England badminton champion.

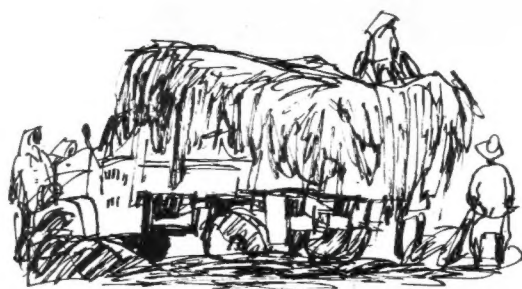
Sketches by Zhou Jianfu



Drying Fish in the Sun.



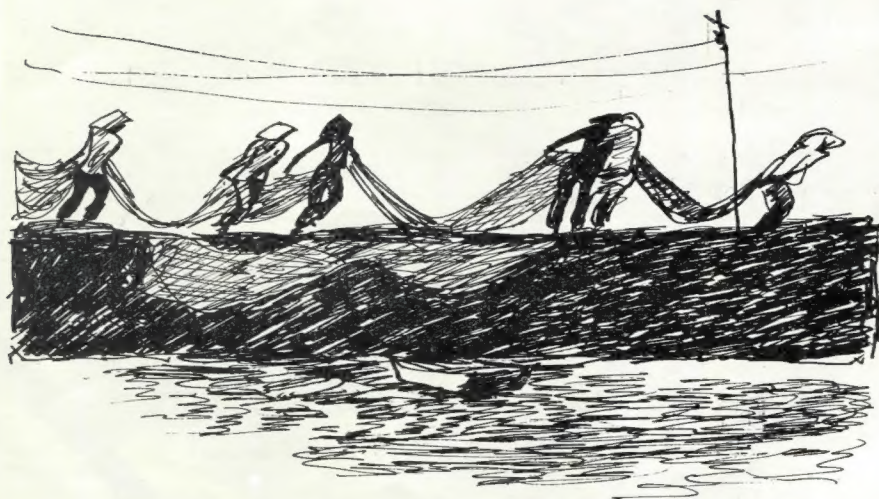
Busy Fishermen.



Transporting Kelp.



Mending the Nets.



Carrying Fishing Nets.

Born in 1937 in Shanxi Province, Zhou Jianfu now teaches at the Central Academy of Fine Arts. These sketches were made when the artist toured fishing villages in Shandong Province.



Peacock Enamelware



High quality

Wide assortment

**Available in
various
specifications**

•

**Orders and enquiries
are welcome**

**We also manufacture
from supplied
designs**



**CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT
& EXPORT CORP., TIANJIN BRANCH**

Address: 172, LIAONING ROAD, TIANJIN, CHINA

Cable: "INDUSTRY" TIANJIN

Telex: 23142 TJLIP CN